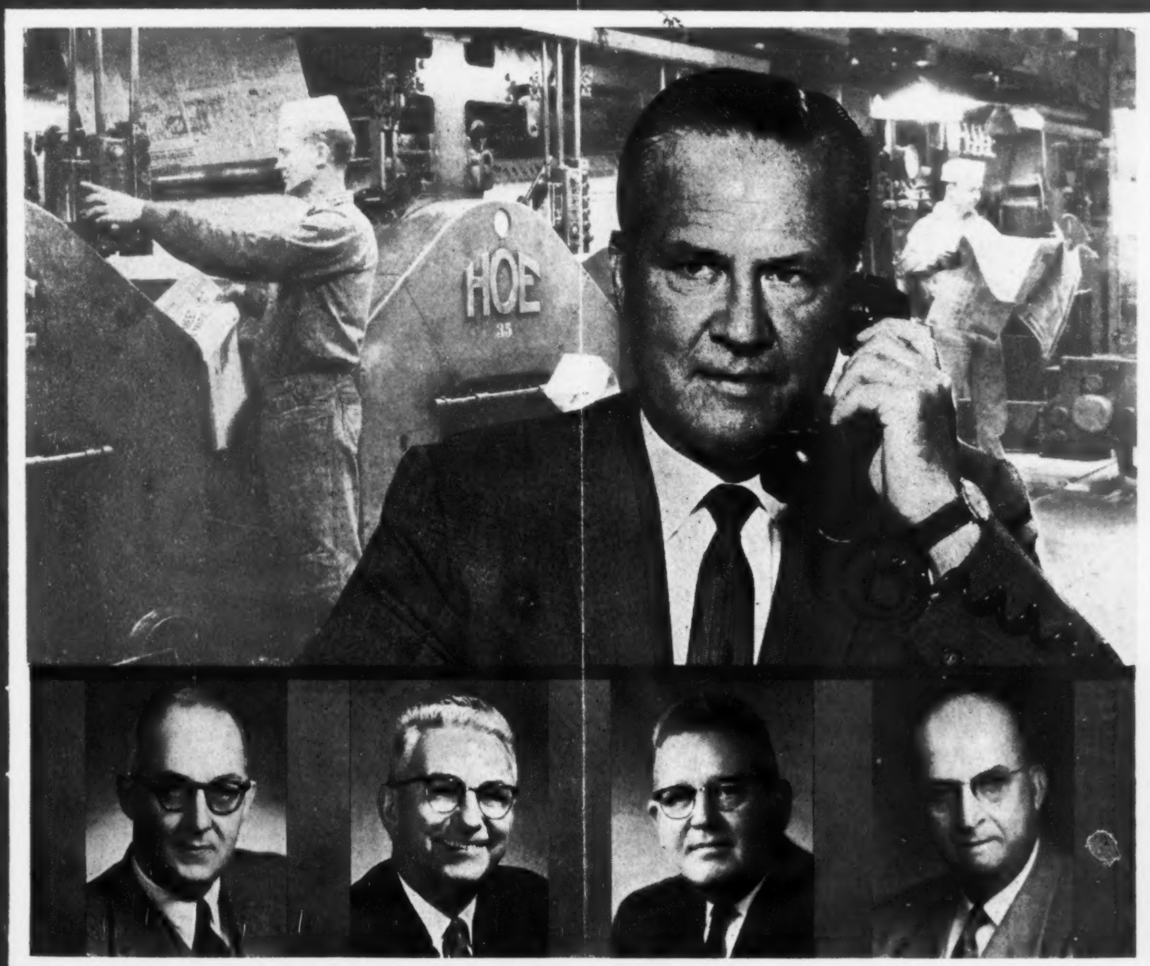
CREDIT AND FINANCIAL MANAGEMENT



NACM's PRESIDENT GILBERT W. SITES AND VICE PRESIDENTS

JULY
1961

NUMBER 7
VOLUME 63

Improve Credit Management,
Tools for Economic Growth:
Targets at Credit Congress

The Cover Picture See Pages 5, 13

CUSTOMER COUNSELING

"Where there is Character, 'customer counseling' can help salvage a bad situation and enable him to develop into a most desirable account."

This tenet, pertinent to successful credit management in general, was applied so effectively in the "Management at Work" case history on page 14, that a two-man partnership was rescued from a tieup of working capital and lifted to the solid ground of a soundly operational organization with every last dollar of arrears paid.

In the picture are (l to r) M. F. Price, general credit manager of F. S. Royster Guano Company, Norfolk, Va., who tells the story; C. G. Baughman, vice president-sales; C. F. Burroughs, Jr., president, and T. N. Gearrald, vice president and treasurer. A biographic sketch of Mr. Price is on page 15.

Mr. Baughman, who attended the University of Illinois, joined the company in 1929 as a salesman and was promoted to general sales manager in 1956.

Mr. Burroughs, who succeeded his father as president, learned the business "from the ground up," following graduation from Princeton University. He started as a weigher in the stock mill of the South Norfolk factory.

Dr. Gearrald, Ph.D. Cornell University, is on the faculty of NACM's Graduate School of Credit and Financial Management at Dartmouth, where he won the American Petroleum Credit Association Award and the Executive Award in 1952. He is a trustee of the Credit Research Foundation and member of the NACM and CRF committee on education and professional development.

Dr. Gearrald, formerly a professor at Virginia Polytechnic Institute, joined Royster in 1954 as credit manager, was named treasurer in 1958 and added the vice presidency title in February this year.

In the News

ARTHUR L. BOSCHEN, vice president-finance, Richardson-Merrell, Inc. (formerly Vick Chemical Company), New York, has been named president of the Controllers Institute of America, effective September 1st. He succeeds FRANK S. CAPON, treasurer of DuPont of Canada, Ltd., Montreal, who was made chairman of the board.

MANFRED L. PASSAU, manager of audits and systems at Baxter Laboratories, Inc., has been elected vice president of the Chicago chapter, Institute of Internal Auditors.

GILBERT H. PERKINS, vice chairman, Chemical Bank New York Trust Company, is chairman of the Commercial Banks Division of the National Fund for Medical Education.

MRS. DOROTHY GORDON has been elected president of the Records Management Association of New York, Inc. Mrs. Gordon is librarian for Shaw-Walker Company in New York.

C. N. DICKSON, vice president, Central National Bank, Des Moines, Iowa, has been elected president of the Des Moines Chapter of the American Institute of Banking.

JOHN MALONE, assistant credit manager the Dallas *Morning News*, has been elected president of the Harry Stone Recreation Center.

MILTON WIED, controller Newhouse Paper Company, Minneapolis, has been named Minnesota president of the Exchange Club.

FRANK G. MATTERN, vice president Johnstown (Pa.) Bank and Trust Company, has been elected treasurer of the Pennsylvania Bankers Association. Mr. Mattern has been active in the Johnstown Chapter of the Credit Association of Western Pennsylvania.

HERBERT R. SILVERMAN, president of James Talcott, Inc., has been elected to the board of trustees of New York University and to the board of NYU Medical Center.

EDITORIAL

The Price of Liberty - - -

IT is a never ending source of wonder and amazement to me that there are those business executives who oppose further government intervention into the management affairs of their businesses (in most cases with strong justification, of course) and yet voluntarily relinquish more and more of their freedom to make business decisions for themselves.

My attention has been called recently to the growth, in some parts of this country, of groups of building material suppliers who organize for so-called credit protection. In local areas, they open "credit offices" and pay a man to be "credit manager" for all the concerns in the group. He keeps duplicate records of all accounts receivable for each one of the companies that he represents. If a buyer is past due with any one of the members of that group, he is automatically shut off from the other members of the group.

Let me make it clear that so far as I have been able to learn, none of the participants in such groups is a member of the National Association of Credit Management, nor is there any connection, of any kind, officially or unofficially, directly or indirectly, between such groups and the NACM.

Aside from the very obvious antitrust implications of this type of group operation, on which I will express no legal opinion in this editorial, participation in such activities involves a complete abandonment of discretionary credit judgment.

This exercise of discretion is the keystone for leadership of credit management . . . it is responsible for separating the successful from the mediocre.

Individual judgment, based upon all of the available facts, is the heart and strength of our system of free competitive enterprise.

If management allows either government or labor unions to encroach too deeply into areas of decision making, free competitive enterprise will eventually be eliminated through erosion.

If this executive responsibility for the individual and competitive exercise of business judgment is voluntarily abandoned, management will be participating in its own self-destruction.

The price of our economic liberty is still eternal vigilance.

Alan S. Jeffrey

EXECUTIVE VICE PRESIDENT

THE JULY COVER

THE NEW president and divisional vice presidents of the National Association of Credit Management, elected at the 65th Annual Credit Congress, in Denver, are shown in the front cover illustration of this issue.

President Gilbert W. Sites is general credit manager of The Times-Mirror Company, Los Angeles, whose art department created the layout at our invitation.

The four divisional vice presidents are:

Eastern Division: *Charles W. Pritchard,* finance manager Telecommunications Division, General Dynamics/Electronics, Rochester, N.Y.;

Western: *L. Merle Davis,* treasurer and assistant secretary Kuner-Empson Company, Brighton, Colo.;

Central: *Robert L. Howard,* vice president, controller and director Logan Company, Louisville, Ky.;

Southern: *T. B. Hendrick,* president Collins-Dietz-Morris Company, Oklahoma City.

A profile word-sketch of Mr. Sites begins on page 13.

Step Up Internationalizing of Facilities, Automotive Club Told

Internationalizing of both production and marketing facilities must be accelerated by independent manufacturers-exporters of replacement parts and automotive service equipment, if they are to keep pace with development of world automotive markets, members of the Overseas Automotive Club were told by J. K. Van Denburg, Jr. Mr. Denburg is editor of McGraw-Hill's *The American Automobile/El Automovil Americano.*

Mr. Denburg declared he had found in a tour of 10 countries that U. S. motor vehicle manufacturers have far surpassed their supporting industry in dispersion and strengthening of foreign marketing activities, and in modification of their products to differing economic conditions abroad.

The Overseas Automotive Club is an organization of auto products exporters.

A Commuter is one who spends his life in riding to and from his wife.
—Changing Times

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IN THIS ISSUE

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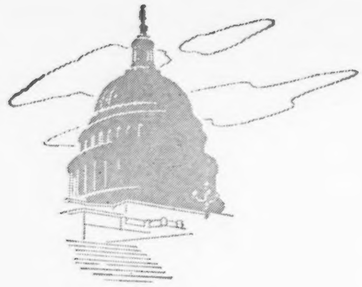


Washington

¶ LIMITATION on tax priorities in bankruptcy has just been approved by the House judiciary committee. The NACM-sponsored Whitener Bill, H.R. 4473, would amend the Federal Bankruptcy Act to limit the priority and nondischargeability of unsecured tax claims to such federal, state and local taxes as become legally due and owing within three years prior to the filing of a petition in bankruptcy. All prior unsecured tax claims would be accorded equal treatment with the claims of general creditors and would be dischargeable on discharge of the bankrupt.

See page 38 for text of resolution adopted in May by the 65th Annual Credit Congress, in Denver.

¶ ADDITIONAL evidence of the upward movement of business is had in government reports on manufacturing and employment for April.

Manufacturers' orders improved by a seasonally adjusted 3 per cent and manufacturers' sales increased 2 per cent in the month. Their total inventories in nondurables rose by $100 millions, reversing a long period of reduction. The increase more than offset a continued drop in inventories of durables. However, orders received by producers of durables were 5 per cent above those for March, especially in the steel transportation equipment and electric machinery industries.

Most major industrial areas also showed improved employment conditions, in figures of the department of labor. Total employment rose one million to a total of 66.8 millions in May, still 400,000 under May last year, but taking five industrial areas out of the "substantial unemployment" category and reclassifying five other areas. However, while the number of jobless in the month to mid-May declined by 200,000 to a 4.8 million total, the drop was less than seasonally normal. Thus, the unemployment percentage as seasonally adjusted moved up a tenth of a point to 6.9.

Nevertheless, the labor department specialists say job recovery is at a faster pace than after the recession of 1958.

¶ WHILE the earnings of the 30 largest common stocks on the New York Stock Exchange fell 57 cents a share between 1956 and 1960, their prices increased 33 per cent between the end of 1956 and the third week of May, 1961. (Both earnings and prices adjusted for stock splits). Only 17 of the 30 stocks showed any gain in earnings.

¶ THE electric utility industry expects to add 13 million kilowatts of generating capability this year, to a record 188 million, an increase of 7.4 per cent over 1960, says the Edison Electric Institute in its semi-annual electric power survey. This would exceed the 11.6 million kilowatt capability addition last year; and 221 million k.w. capability by the end of 1964 is predicted.

Output this year, exclusive of power plants in Alaska and Hawaii, is expected to increase 7 per cent over 1960 production.

¶ THE interest-rate ceiling of 4¼ per cent on Government securities of maturity of five or more years is to be eliminated, under the Administration's interpretation of what the 1918 law permits it to do, the Treasury has made known.

Government bonds at present are well below the ceiling rates and there are no evidences that rates will be above ceiling at any given time in the future. What the new decision signifies is that the Treasury will have greater latitude in the method of borrowing should rates again go up to 1959 levels.

ETYMOLOGY

***The Navajos had no word for confusion. Sometime in the 1870's they chose a word for it. The new word:* Washington.**

¶ THE Latin American Free Trade Association, formed by seven nations for mutual elimination of tariff barriers over a 12-year period, is now a fact. The nations of the new common market, under the Treaty of Montevideo signed last year, are Argentina, Brazil, Chile, Peru, Paraguay, Uruguay, and Mexico.

Though for six months the operation will be largely psychological in effect, the seven nations represent nearly two-thirds of total Latin American economic output.

¶ THE Gross National Product will approach an annual rate of $550 billions in the fourth quarter, says the President's Council of Economic Advisers, $50 billions above the first quarter. Converted?

Thirty economists who met at the Treasury in mid-May had figured the GNP at $551 billions rate for the final period.

¶ IN a ruling taken in Washington to indicate the general tariff policy of the new Administration, President Kennedy turned down appeals for increased duties on imported twine and cordage.

Reversing his stand of four years ago as a Senator, he said that these imports were not injuring domestic industry sufficiently to warrant higher tariffs.

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

¶ UNANIMOUS decision by the U.S. Supreme Court makes it unnecessary to show general injury to the public to sustain treble damage suits by companies under the antitrust laws on allegations of unfair competition.

The high court reinstated a treble damage suit by Radiant Burners, Inc., a gas furnace manufacturer, that charged the American Gas Association and others had conspired to control sales of gas appliances.

¶ PRICE REDUCTIONS to accompany increased productivity would provide more jobs and "keep the economy moving to higher levels," William McC. Martin, Jr., chairman of the Federal Reserve Board, told the Association of Reserve City Bankers at their annual meeting in Boca Raton, Fla.

¶ RECOMMENDED by a staff study for the Senate subcommittee on national policy machinery is a rewriting of the "disjointed, overlapping and ambiguous" conflict-of-interest laws. Among the recommendations, listed by the subcommittee chairman, Senator Henry M. Jackson (Dem., Washington), are overhauling of statutes that handicap the temporary recruiting of unusually skilled and experienced consultants and restrictions on lawyers in national security positions.

¶ ENLARGEMENT of the scope of the International Monetary Fund, "to help insure the viability of the present payments system," was recommended by Per Jacobsson, managing director, in his annual report to the Economic and Social Council of the United Nations.

He proposed a "network of standby arrangements with the main industrial countries" through which borrowings of their separate currencies could be had when need arises. The system would provide an alternative to purchasing such currency for gold to complete at least temporarily the Fund's reserve in that category.

The Fund is a $15 billion pool of gold and the currencies of the 70 member countries.

¶ WORLD population this year will exceed the 3 billion mark, says the United Nations' department of economic and social affairs. Noted were increased crowding into cities, leading into social breakdowns by shortage of jobs, housing and education.

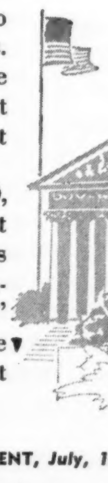
¶ INCIDENTALLY, President Kennedy's action to increase tariff rates on imported bicycles is not being digested well by U.S. manufacturers, on the ground that it merely restores the rates which had been in force from 1955 until upset by the Supreme Court last December 12, and will not reduce imports or permit increased prices.

¶ PROVIDED retailers solve their current problems, a vast increase in the consumer market will be open to them for profit gains, members of the National Retail Merchants Association were told by Paul Mazur, partner in Lehman Brothers, New York investment bankers.

Resolutions call for expediting capital expansion and modernization, spotlighting the positive elements in the economy, continued promotion of credit, greater value offerings in stores, constant search for new merchandising and servicing ideas.

Alfred C. Thompson, executive vice president of Miller & Rhoads, Inc., Richmond, was reelected president.

¶ ALL bank consolidations, mergers and acquisitions, except such as may be "necessary to keep a bank open," would be halted until Dec. 31, 1964, under a joint resolution placed before the House banking committee. Author is Wright Patman (Dem., Texas), chairman of the joint economic committee.



Citing 1,353 mergers between 1953 and 1960, the resolution charges inadequate enforcement of existing legislation to bar such consolidations as are "contrary to the public interest" and inadequate legislation to prohibit "certain types."

The aim is a moratorium on mergers until the courts can determine application of antitrust statutes invoked by the department of justice.

IMPROVEMENT—of

—Credit leadership for responsibilities
—Federal tools for economic growth
—Applications of management function
—Policies to fit world developments—

TARGETS for PROGRESS set up in MESSAGES to CREDIT CONGRESS

IMPROVEMENT is a "Must"—improvement of federal tools to strengthen economic vitality for long-haul growth, improvement in applications of the management function, and self-improvement of credit leadership to live up to and widen the horizon of its responsibility, both at home and internationally.

This common but many-threaded integer for progress stemmed from the plenary messages at the 65th Annual Credit Congress in Denver. Speakers put it this way:

The strength of our leadership must come from the knowledge we have of our own abilities and the confidence we show in our business and national responsibility. The question is: can we measure up to it?—*Alan S. Jeffrey*, executive vice president, National Association of Credit Management.

Retool federal policy three ways for more flexibility to minimize recessions: (1) Revise procedures of Congress to discipline the passing on not only the total budget but also on each individual item. (2) Give the President limited discretionary authority for a defined period to vary certain tax rates cyclically. (3) Adopt an incentive-promoting tax reform.—*Dr. Paul W. McCracken*, professor of business conditions, University of Michigan.

Those at the head of the credit department function must delegate the doing of the work so that they can plan, organize, coordinate, motivate and control operations.—*Dr. James L. Hayes*, dean, school of business administration, Duquesne University, Pittsburgh.

(Company management is surrendering its responsibility to manage, and is failing to make proper use of available talent and human resources, says *Lawrence Lieberman*, president of New Vistas for Management, in an article beginning on page 11.)

Credit policies of every business must today, more than ever before in our history, be established in the light of international developments and the consequent ever-shifting balances.—*Cris Dobbins*, president, Ideal Cement Company, Denver.

CREDIT, whether as an equi-important member of the sales team or as a part of company management, was significantly a topic of formal addresses and panel discussions in many of the Industry Group Meetings at the convention. So too were automation and the marginal account.

Hundreds of speeches, literally so, were presented in the 32 Industry Groups' sessions, to which Tuesday of convention week was allotted. Myriad subjects were analyzed by speakers—bank and company presidents, representatives of federal and state governments and legislatures, state supreme court, referees in bankruptcy, university educators, partners in certified public accountant firms, sales officers, many others.

Gilbert W. Sites, now NACM president (front cover), led an Advertising Media discussion of how the credit department can best help the sales department in promotion of sales to marginal accounts and in methods of reducing old accounts while selling currently. Communication between the two departments and correction of problems was analyzed in another forum.

Creating sales volume through constructive handling

> *"Morality is something which business executives and community leaders have within their own power to elevate—but only by their own example—the example of principled leadership. Morality is a do-it-yourself project."*
> —Alan S. Jeffrey

> *"The budget tends to have elasticity in only one direction. Once it is built up, it establishes a new plateau for the next increase. Therefore, the result of a poorly timed increase in spending is a permanently enlarged budget."* —Dr. Paul McCracken

of credit complications, and other areas of cooperation, had the attention of the Automotive executives. In other Groups, sales manager and credit manager presented their views of each other's operations; the obtaining of information from salesmen was explored and, concomitantly, education of salesmen to get and report such information on customers, as were trends in selling and distribution techniques, "credit for profit versus credit for sales", working alongside sales managers, salesmen and their departments, and "credit as a sales tool" (delineated by NACM Past President W. L. Holmes).

Perhaps best describing the evaporation of the old-time misunderstandings was this topic of one sales executive: "Sales and Credit—the Winning Team."

Tying in with Mr. Jeffrey's keynote statement that "a credit executive must be more knowledgeable of the overall management problems of his company than any other department head" was a profile of the creditman of the future, etched by a general credit manager at another Group's session. Going a step beyond the topic of one company treasurer, from a subjectively wider view of today's credit function, we might paraphrase this way: What should the credit manager expect top management to expect from him? And what should the credit department report to top management? Hugh P. McCormick of McCormick & Co., Baltimore, detailed the answer, at a joint meeting of three Groups, as did panelists and open forum participants elsewhere. Mr. Jeffrey had said at the Monday plenary session that the credit executive "must render regular, clearcut, understandable reports to top management from which they will draw an increasingly clear picture of the importance of credit management to their company's sales and profits". Educative armament and operative fitness are prerequisite, but more than that, as one Industry Meeting speaker summed up succinctly for credit managers with these words, "Raise your sights!"

The new look which is being stamped upon credit operation in the modernized office, by automation and kindred tools for speeding up production, was a subject of many an Industry session. Several discussions turned to automation for the small office, programing for electronic data processing, adaptation of punch card accounting systems. And the entire afternoon meeting of the Machinery and Supplies Group became a workshop conference on automation, with panelists drawn from university faculty, credit management, and the equipment industry.

THE DRAMATIC change from secretiveness in business practices to a "spirit of competitive cooperation in exchange of experiences for mutual benefits", through Credit Interchange, is but one phase of the story of the first 65 years of achievement of the National Association of Credit Management, said Mr. Jeffrey in his keynote address. He noted that the association had helped obtain passage of the National Bankruptcy Act, had effected legislation in the areas of negotiable instruments, mechanic's liens, trust receipts, conditional sales, chattel mortgages, and today maintains a continuous legislative program. He reviewed the Fraud Prevention Department's "relentless pursuit" of perpetrators of commercial crimes, in a program which over the years has succeeded in obtaining over 3,000 indictments and almost 1800 convictions, plus recovery of millions of dollars in concealed assets for creditors. He touched upon the association's Code of Ethics, its adjustment and collection systems, its Foreign Bureau, its educational training program "without parallel in the nation," its record rehabilitation of businesses.

> ***Complete text of the keynote address of Alan S. Jeffrey will be available on request.***

But all that is only the beginning, the credit executives were told. "We have hardly scratched the surface of the plans we must make for the future and the programs we must accomplish if we are to continue the leadership that we hold in the field of commercial credit. We have some basic responsibilities that we must never lose sight of"—overlapping responsibilities to ourselves, to employers, to the nation, all calling for a "burning desire for self-improvement and the courage never to deviate from principles."

To emphasize the requisite of continual self-training to meet the challenges of change, Mr. Jeffrey pointed out the progression in a few years from hand-posted ledgers to machine accounting, to mechanization, to automation, application of mathematical probabilities to credit decision-making. And experience is not enough—"a planned program of continual self-development must be established and adhered to."

To illustrate the need to live with oneself, one's conscience and pride, the keynoter defined the credit executive's responsibility toward automation.

"Have any of you as credit men and women", he asked, "run across a credit man (fortunately, I believe,

> *"A credit manager must be more knowledgeable of the overall management problems of his company than any other department head."* —Mr. Jeffrey

in the distinct minority) who deep down opposes the introduction of automation in the credit department out of fear that the company's reliance on his own discretionary judgment will be diminished as a result? This must be a man who has failed to develop his vision and whose leadership growth has been stunted by short-range perspective.

"Certainly we must not blindly accept scientific advancement and automation without a clear understanding of the impact it will have on the basic principles of credit. Certainly there is a need to insist on further scientific development and refinement of such equipment before its adoption and use if sound credit practices are likely to be impaired, but opposition based on fear or timidity is an evasion of responsibility to ourselves as men and as executives.

"It necessarily brings with it a surrender of our pride. Automated equipment, like any other, is simply a tool—complicated, perhaps, but a device which should be welcomed if it can help us perform more effectively. This is the only test if we are to be true to ourselves."

In broadening vision and acquiring new and improved skills, the best systems commensurate with needs must be installed, he said, and maximum potential from marginal accounts must be developed. But it is also a duty of the credit specialist "to disagree, if must be, with top management when it is necessary to stand firm on fundamental credit principles."

Referring to recent convictions for such antitrust violations as price-fixing and market-raiding, Mr. Jeffrey underscored the responsibility of executives to take the lead in maintenance of high level ethical and moral business standards.

"Nor can morality be legislated", he observed. "I am afraid, for example, that President Kennedy is determined to learn the hard way, and probably will if his recent recommendations concerning expense account tax reforms become law." More important than how much revenue the tax law will raise is: what kind of country and citizens do we want? We have the intelligence, power and duty to create a better pattern of life if we raise our sights high enough, he emphasized.

EVIDENCE is increasingly refuting the much-discussed hypothesis that the economy is experiencing a sort of stagnation similar to that faced in the Thirties, declared Dr. McCracken, who was a member of the President's Council of Economic Advisers in the Eisenhower Administration.

He pointed to the following indicators. Capital expenditures of business will turn upward much more promptly than in 1958. Federal expenditures will rise at least $7 billions, in light of the budget made public by the Administration. The basic inventory position is improved.

First there was pessimism as to whether any end to the business downswing was in sight, a pessimism voiced just when we were reaching the end of the decline, "which I think very clearly occurred in February". Then the pessimism took a different form: fear that "we were in for a tired, slow, anemic, dragging type of recovery".

Dr. McCracken went on to explode that theory in stages. First, as to the assertion a gap was growing between productive capacity and actual business level—productive capacity rising faster than output. Correctly enough, after the 1949 recession, the unemployed stabilized around 3 per cent of the labor force; after 1954's setback, at about 4 per cent; after 1958, at just over 5 per cent. Projecting this premise, some have estimated that by late last year or early 1961 the gap between capacity and actual product was 8 to 10 per cent.

> ***The complete text of Dr. McCracken's address at the Credit Congress will be available on request.***

While the facts of the 3, 4 and 5 per cent unemployment stabilizations after the postwar recessions were not in dispute, the economist said, he raised a question as to the complete accuracy in the measurement of unemployment, though the monthly survey of households was scientific and well-done. He mentioned the case of a newly married woman who said she "might take a half-time job if an interesting one came along". How should she be classified? This he called a case "indicative of the fuzziness that exists on the outside edge, so to speak, of trying to measure, unambiguously, the volume of unemployment". And "utilizing unemployment statistics almost exclusively to calibrate the state of the economy is picking upon the poorest statistics we have."

The gap argument has several limitations, he added. "I don't know of any recovery that hasn't been slow," if the term means it will be some months before those now unemployed will all be returned to work. "Once you have reached a low point in a recession, a vigorous recovery must take time to liquidate unemployment,"

(Continued on page 28)

> *"Recessions begin about July or August. The Congress is not then in session to change the tax structure. If steps are initiated to step up spending, the spending will come down the road long after you need to counter the recession."* —Dr. McCracken

Is Management Surrendering Responsibility?

Inefficient Use of Available Talent Laid to Failure to Manage

By

LAWRENCE LIEBERMAN*

THERE has been growing concern in top management circles over the real or apparent decline in the caliber of personnel. It is the contention of many key executives that employee unwillingness or inability to produce in relation to responsibility and compensation is a major factor in rising costs, poor performance and other corporate ills.

To insure a supply of competent help, in both office and factory, management introduces a variety of selection programs and inducements. Considerable sums are spent annually by American business in screening processes, psychological testing, job and systems analysis, pension programs, and other incentives, to improve the catch of new personnel and to hold those already employed.

The effect of these personnel recruitment and development programs often is to skirt the real problems and to serve more as palliatives than solutions. A significant factor is that *available* talent and human resources are not being used properly. This applies not only to rank and file line personnel, but to supervisors, middle management and executives themselves.

CONCENTRATION ON "EXTERNALS"

THIS UNFORTUNATE situation ultimately is traceable in part to management's failure to manage. The proper use of human resources and the blending of people in an operating organization too often is delegated to lower echelons of the business structure, to middle management which cannot see or exercise effective control over the combined complex of company relationships. Somehow, otherwise responsible managements have grown to feel that the action areas of top management in running the whole show do not include the management of individuals at all echelons. The top team concentrates on "external relationships," such as sales contacts, mergers, financing, new products, merchandising, taxes . . . everything but the art of handling personnel.

To be sure, a case can be made for considerable employee incompetence. Those close to recruiting and labor relations cite many examples of employees who lack responsibility and are interested only in a free ride to security, or unemployment insurance. However, these conditions and employee attitudes do not support management's complaint of "poor caliber" involving supervisors, line workers and executives who already have been thoroughly screened and tested and who have every type of incentive placed in front of them.

By and large, people are not cast in permanent mold of good or bad. Each of us possesses varying degrees of ability, interest and moral fiber, most of which is beneath the surface, much like an iceberg. Much of what comes to the surface depends upon what is called up by the surrounding environment, which includes management. Each person is different, and effective leadership must be applied differently in different combinations of circumstances.

MUST SEE THE TOTAL STRUCTURE

THE OVERALL picture can be likened to the relationship between an orchestra and its conductor. The conductor must see the total structure of the orchestral score. He must also see the individual values of the different instruments. Although each player in a professional orchestra is fully qualified to play, can read music and interpret the score, nevertheless it is the performance in concert which is the final measure. Here the conductor is the indispensable weaver. Poor conducting yields poor end-performance, regardless of individual capabilities of the instrumentalists. And blaming the players is not the answer for the conductor. Nor can he make substitutions for weaknesses by trying to make an oboe sound like a violin.

Managing a business venture is as exacting as conducting an orchestra. Yet, every day, those in close contact with a wide variety of companies can attest innumerable instances where management has failed to do its job adequately, despite all the paraphernalia of modern personnel methods. This inadequacy becomes manifest in the daily disorganization and operating confusion surrounding the general activities of the company. By and large, employees on the lowest rung have little direction and guidance. The burdens of management are carried by middle management supervisors, expediters and titled lieutenants. Frequently their functions overlap and there is no clear chain of command.

Management tries to cope with this situation by imposing new layers of supervision or expediting. When those who supervise or expedite find they are powerless to control and coordinate the company activities, top management and supervisors put the problem at the door of the personnel department, to seek more fully qualified and more "flexible" talent.

This dilemma is not limited to either small or large

*Lawrence Lieberman, professional management consultant, previously had served the U. S. War Department in similar capacities. He has made some 150 surveys for clients. Alumnus of City College of New York, he did graduate work in business administration, heads New Vistas for Management, New York.

enterprises. However, in smaller organizations where more personal relationships may exist between top and middle management, replacement by more qualified and "flexible" talent may not be possible. Among the techniques used is decentralization or departmentalization, to break up the problem. Individual responsibilities are adjusted, frequently in unrelated bundles of managerial and supervisory duties. The impact flows downward so that line employees absorb a variety of job functions occasionally in competition with one another. At the same time, internal system changes are made to accommodate the redistribution of duties. The final tragedy is that this business syndrome shuts out a significant section of the labor force . . . those who might qualify under better auspices and organization.

FAILURE TO DEVELOP TEAM

AT THE OTHER END of the spectrum is the business enterprise in which top management handles all details, fails to delegate subordinate authority and responsibility properly. Because all decision making is vested in a highly centralized management no subordinate can operate to the satisfaction of the boss. He does not develop subordinates by giving them responsibilities which will teach them how to manage and execute. Inevitably those below top management occasionally make mistakes. To the highly integrated "boss" management this is evidence of employee incompetence.

In most instances this type of top management fails to accept its responsibility to develop a team that can meet the objectives of the business which has outgrown control by the ability of one man or a select few. Too, elements of both the "over-delegated" organization and the smaller "boss"-oriented firm can be found side by side in many companies.

The reaction to dislocation takes the form of management hysteria, ranging from frantic searches for outside panaceas to inaction almost bordering on immobility. Ordinary manpower and ability no longer suffice. Expensive machine solutions are adopted without proper integration. Simpler and often more flexible and better manual techniques are overlooked. Above all, the valuable time of top executives is needlessly consumed in meetings, in resolving political situations, or in contriving fruitless manipulations . . . time which could be better employed in improving performance, lowering costs, increasing profits and planning to meet competition and the future.

APPROACH TO SOLUTION

THE INITIAL STEP toward a solution is to recognize that the root of the problem is not "poor personnel caliber" but changes that have been made in the technology of office, plant, and distribution system. Yesterday's eyeshades and Spencerian penmanship are today's electric typewriters and calculators, mechanical filers, computers, closed circuit TV. In factories and warehouses the block and tackle of former years have been replaced by conveyers and forklifts.

Much of the inadequacy of management is due to the expanding size and complexity of business activity. Complexity has grown geometrically within the lifetime of our present management society. It has left its impact both on executives and on employees, who remember or were trained in the past when their relationship was much simpler.

There are nostalgic reminiscences of the days when employee attitude was more respectful and responsible, but few reminisce as to the exploitations as well. If the current employee attitude frequently appears truculent, over-expectant of reward, or indolent, management has only itself to blame. It is not a primary function of management to reform the social order and the surrounding world. Rather, its function is to cope with limiting conditions and devise adequate solutions. Managements must recognize that the desirable features of our democratic society feed the weeds as well as the flowers.

What is needed most is reappraisal of people as a resource. Coping with people should be no more different than approaching technological problems, or special marketing situations, or fiscal dilemmas. Research in new combinations, changed operating environment, closer control—these are the techniques.

BETTER USE OF HUMAN RESOURCES

THERE ARE NUMEROUS approaches to better utilization of personnel. A first step is organization of work to promote maximum output at the ability level of the persons involved. By regrouping work into segments of relative caliber, it becomes possible to utilize personnel of lesser ability for considerable portions of the work.

Another task is to define clearly the work functions at line levels . . . then regroup them to concentrate common functions in the same individuals. This approach will uncover a significant reservoir of available labor otherwise consumed as hidden changeover time from one work function to another. A range of 10-25 per cent recovery is not uncommon. This approach makes possible the development of specific abilities in less qualified personnel.

A further step is institution of periodic rotation in the same or related work function levels. Such a plan provides duplicate talent to cover emergencies and work load fluctuations.

Still another area of available labor is better use of supplementary and part-time help. Many firms are unable to tap this source because their job functions are too complex and improperly organized. This source is particularly important in businesses subjected to wide fluctuations in work-load because of seasonal variations, fiscal year closings and special projects. Companies which can organize their work to accommodate part-time or supplementary labor can reduce their basic labor costs and overhead substantially at other parts of the year.

A word of caution is in order. Such approaches are meaningless in a management environment which makes improvement impossible or limited. Therefore, in reappraising human resources of a company, management

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President Sites and NACM's First Lady in Their North Hollywood Home

The Sites Credo for Credit: Produce Revenue

"Credit management must be recognized as a production unit along with other revenue-producing departments of a company."

THAT program, spelled out by the new president of the National Association of Credit Management, is the antithesis of the passé working theory that the prime function and objective of the credit department was protection of accounts receivable already acquired—by someone else in the company.

To Gilbert W. Sites the road of opportunity for a more rounded sphere of influence for the credit manager is being graded wide open by "the almost fantastic development of electronic equipment diverted to accounting purposes." And the years ahead will bring "heretofore unrecognized opportunities to work hand in hand with the sales effort" in wideawake companies.

But if the young potential credit executive is to travel that highway successfully, he must be geared to the pace by the twin sparks of awareness of opportunity and educational preparation to capitalize on it. To that end the association's new administration calls the membership to expanded effort.

The accent on sales was not something acquired in maturity by our new executive. Selling and office work tandemed in his participation in his father's wholesale grocery business, after he had majored in business administration at college.

His multiple interest in people as well as credit (and someone has said "Credit *is* People") has made his cheery and soft-spoken albeit firm approach wellknown and effective in a number of directions besides his operations as general credit manager of The Times-Mirror Company in Los Angeles. No wonder he has given so much of effort to boys' work, in summer camps and divisional direction of the YMCA, and in helping underprivileged children. No wonder, too, that blasting a golf ball from trap to green, and emulating Izaak Walton and Martin Johnson, fit into a rounded zest of living.

His credit interests are many in such diversified operation as The Times-Mirror Company presents. He directs a staff of 70 in exercising credit control of that company, which company includes in its scope of operation, throughout the United States and abroad, two newspapers, The Los Angeles *Times* and The Los Angeles *Mirror*, a television station, a job printing house, newsprint mills, a lumbering operation, road map publishing, paperback books, technical flight information, manuals and maps, and large realty holdings.

The rungs of the ladder were not evenly spaced. Born in Sullivan, Missouri, June 28, 1907, he was graduated from high school before the family moved to St. Louis. There he attended business college (later complemented by night courses at the University of Southern Cali-

(Concluded on page 19)

THE fertilizer industry is highly seasonal and as a result extends long credit terms to most accounts. Sixty-one per cent of the F. S. Royster Guano Company's 1960 sales took place within a ninety-day period.

Spring sales start about December 1 and the season runs until July 1st. Although Royster offers a discount for payment of invoice by the 10th of the following month, the accounts are not due for final settlement until July 10th. Thus a customer could buy in December and not pay a penny for seven months. Such cases require substantial lines of credit for large volume dealers.

MANAGEMENT AT WORK

.... a problem case is solved

By M. F. PRICE, General Credit Manager
F. S. Royster Guano Company, Norfolk, Virginia

Our case for discussion covers a two-man partnership engaged in operating a feed mill in an area of dairy farms. In 1949, the starting date of this business, the three "C's" of credit would have looked like this:

Capital—small but adequate if properly managed.

Capacity—a complete question mark, as neither man had any background in this type of business.

Character—highest type.

In 1952, our sales department obtained this account as an agent on one of our regular consignment contracts. Such contracts are standard procedure in the industry.

Through 1956 the experience was acceptable, but 1957 was another matter. At that time the credit department should have more actively entered the picture. Our contacts were through our sales people and, although we collected our money, we did not know enough about the current condition of this partnership to help it avoid the 1958 crisis. A personal visit by someone from the credit department could have helped prevent the 1958 problem.

In October of 1958, the account had been reduced to $14,000, but payments had been infrequent, and then stopped.

After a rather uninformative visit by our sales representative and assistant sales manager, an appointment was made for a visit by the representative and me.

Our reception at first was very "cool," but we managed to gain the confidence of the partners and before long the whole picture was taking shape.

As a result of the lack of "capacity," they had tied up all their working capital through lax credit extensions and capital improvements without long-term financing. In addition, they had used collections from sales of Royster products to meet more pressing obligations.

Our objectives agreed upon by all concerned were:

1. Payment of past due spring 1958 balance.
2. Installation of credit policy and terms.
3. Obtain adequate long-term financing to aid working capital.
4. Prevent collections of Royster accounts from being used for any purpose other than paying partnership indebtedness to Royster.
5. Continued sale of our fertilizer (We felt that future potential was excellent.)

A review of their balance sheets and operating statements and a talk with their accountant indicated that, although their financial records were properly maintained, they did not seem to know how to interpret and use the information they were receiving. Comparative analysis was made of the statements for a five-year period, and significant trends were explained to them. We are continuing this counseling service.

The partners asked to be allowed to pay one invoice per week (about $900) on the old account. Their financial condition indicated that this

BASIC DETERMINANTS ***in the credit decision. (L to R) M. F. Price, general credit manager F. S. Royster Guano Co., Norfolk, Va.; C. G. Baughman, vice president-sales; C. F. Burroughs, Jr., president; Dr. T. N. Gearrald, vice president-treasurer, who is on the faculty of NACM's Graduate School at Dartmouth.***

FOLLOWING *graduation from Loyola College in Baltimore in 1942, M. F. Price served three years as an Army Air Corps pilot instructor.*

In 1955 he joined the F. S. Royster Guano Company as assistant general credit manager. He was made general credit manager in 1959.

Mr. Price is active in the Tidewater Association of Credit Management, and this summer will become a student in NACM's Graduate School at Dartmouth.

schedule could not be met, but we agreed to let them try. After three months they had been able to pay only $2,800. The account was again visited by a credit department representative, and agreement was reached that payments would be suspended on the past-due balance until July 1, 1959. In the meantime, the agent would be allowed to buy on 15-day terms and sell as close to a cash basis as possible. While not all invoices were paid exactly under the agreed terms, purchases totaled $16,600 and the current account was paid in full by July 1, 1959.

At the time of our last visit, in June 1959, the partners agreed to increase their business mortgage and pay one-half of the past-due balance, the remainder to be paid at $100 a week. It took eight months to clear the old account, but payments were regular and the last dollar was received in December 1960.

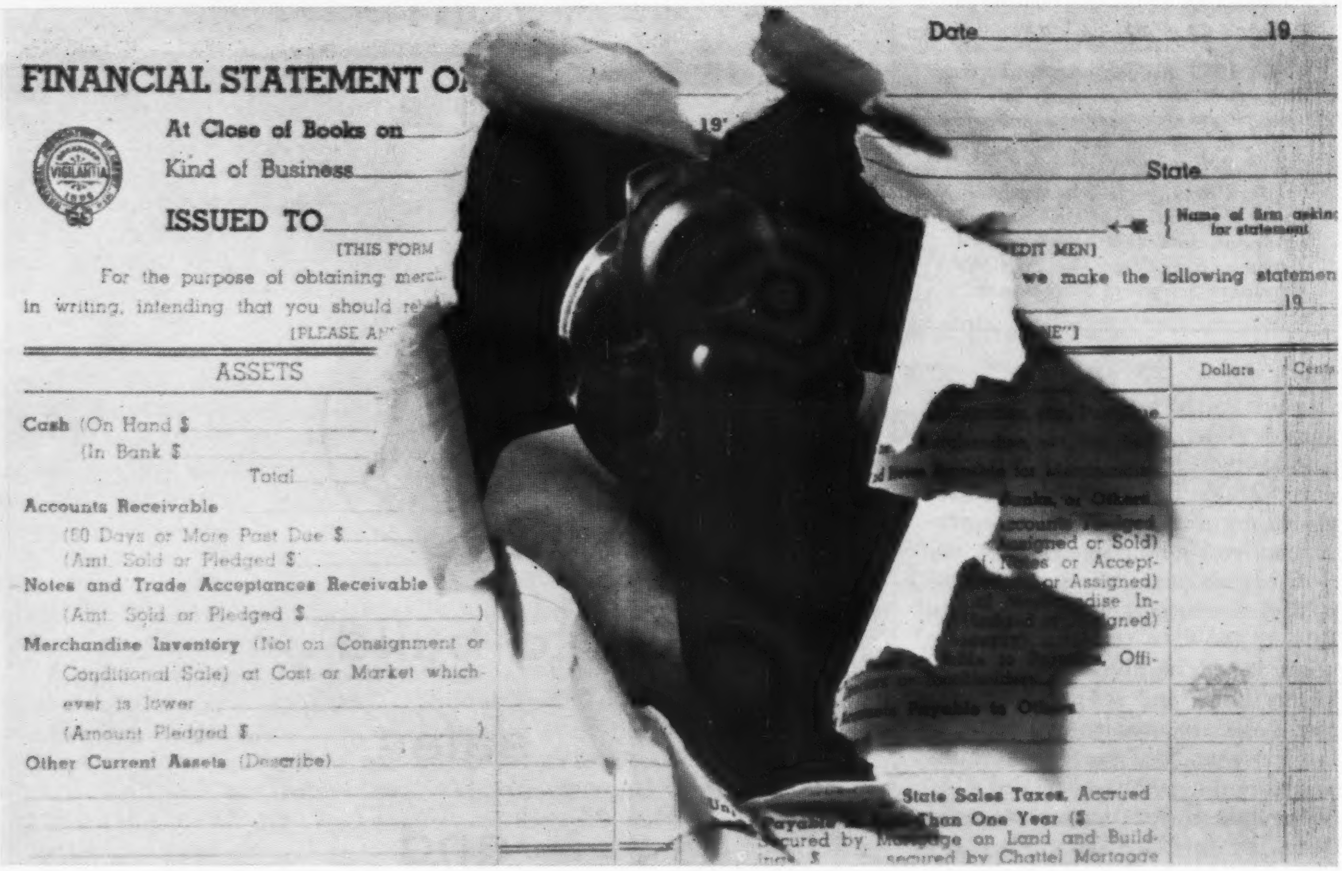
With our help and suggestions, the partners have established a credit policy and accounts are being screened and terms enforced. Old accounts were given to an attorney to collect. Both partners are enthusiastic over their progress.

Other than borrowing to pay part of the past-due account, they have not increased long-term obligations. They now understand that in the future they must have such financing to undertake capital improvements.

With the consent of the principals, we have placed a consignment bond on the account to guarantee that collections from sales of Royster products will be promptly remitted to us. Not only is this an actual financial safeguard, but also a powerful psychological feature.

For the spring 1961 season, we placed the account on regular credit terms with a reasonable line of credit.

Credit "Cheats"



bilk business of millions yearly

HOW NACM FIGHTS BUSINESS FRAUD

CREDIT fraud, committed by such devices as mailing false financial statements, holds up American business at gunpoint for an annual cost of hundreds of millions of dollars to honest creditors.

NACM fraud investigators believe, moreover, that credit fraud is on the rise.

Exact counts of the number of credit crimes and their precise dollar-and-cents drain on honest business are hard to come by. But the figures that are available provide a clue to the burdensome hidden cost and mounting trend of criminal fraud.

Convictions for violations of the Bankruptcy Act for fiscal 1960 showed a 30.8 per cent rise over the past five-year average—and in the year 1960 soared 114 per cent over 1959. Statistics from another source are equally pointed. The Post Office Department reported a 33.5 per cent increase for fiscal 1960 in the number of arrests of those using the mails for fraudulent activities—the highest figure for any year in the past ten.

But creditors can take effective action against credit crime through the Fraud Prevention Department of the National Association of Credit Management.

When the NACM was founded in 1896, the original bylaws recommended the "provision of a fund for the protection of members against injustice and fraud." In 1925, the Association's investigation and prosecution activities were greatly expanded and centered in the Fraud Prevention Department. Well over 4,000 credit fraud investigations have been conducted since 1925, resulting in more than 3,000 indictments and nearly 1,800 convictions.

The department's function is basically investigative. It completes the link between a creditor's suspicion of fraud and the collecting of evidence that can be turned over to the FBI, postal authorities, and other official agencies for further action.

NACM investigations of creditors' complaints are authorized by the department and conducted in any of the United States by former Special Agents of the Federal Bureau of Investigation. Cases are accepted for investigation when they involve possible bankruptcy violations, mail fraud, fraud by interstate wire, and interstate transportation of property obtained by fraud (all federal offenses), and related crimes under state statutes.

When the affairs of a suspected fraudulent debtor are administered under the Bankruptcy Act or under the insolvency laws of the various states, Fraud Prevention Department agents cooperate with the attorney for the trustee or receiver, and with the accountant, if one has been retained.

In those insolvencies in which creditors suspect fraud, but which may not have reached the bankruptcy or state courts, the department is often the only practical recourse for defrauded creditors. Investigative costs to develop evidence of fraud acceptable to a law enforcement agency are high—usually prohibitively high for any single creditor. But when many creditors subsidize the investigative costs—as NACM members do by voluntary annual subscriptions to the department—business is able to take effective, united action against dishonest debtors.

After successfully closing one case, an NACM fraud investigator wrote as follows to the head of the Fraud Prevention Department:

"You might be interested in an unsolicited remark from the creditor. It was his considered opinion that because of the prompt entry of your organization into this matter, he was able to recover at least $150,000 and possibly as high as $300,000 more than if this had dragged on another week or so."

And the deterrent effect of every credit fraud investigation has a far-reaching impact on all honest business. Mortimer J. Davis, secretary-treasurer of the New York Credit Men's Adjustment Bureau, Inc., puts it this way:

"The mere knowledge that investigation is certain and that all the facts will be exposed is often a greater deterrent and much more important and better insurance than getting a conviction. The company that pursues this policy will soon find that it is being bypassed by debtors who are acting dishonestly. News travels very fast in most industries."

It is every creditor's responsibility —to his own company as well as to the business community—to be alert to possible credit fraud. To detect potential credit fraud, however, he must know something about its patterns, its perpetrators, and the statutes that separate the strictly illegal from the merely lax.

WHAT IS THE LAW ON FRAUD?

In addition to various state statutes, there are six statutory grounds in the federal laws to protect creditors against fraudulent debtors. They are:

- **Bankruptcy—involving concealment or fraudulent transfer of assets; the concealment, mutilation, or destruction of books and records; and the making of a false oath.**
- **Mail fraud—sending a false financial statement through the mails; mailing merchandise orders with no intention to pay; and mailing fictitious invoices to a factor.**
- **Fraud by wire, radio, or television—enacted first in 1952, deals primarily with orders for merchandise.**
- **Interstate transportation of property obtained by fraud—means just that: the shipment of fraudulently acquired goods across state lines.**
- **Perjury—results when a bankrupt debtor, under oath, wilfully states or subscribes material facts which he does not believe to be true—and the lie significantly affects the bankruptcy.**
- **Conspiracy—applies where two or more individuals conspire to commit any of the above offenses.**

"Preventing Business Fraud," a new booklet prepared by John C. Fredell, Counsel and Director Fraud Prevention Department of the National Association of Credit Management, summarizes the statutory protection, federal and state, available to the interested credit executive. For more information on commercial fraud, and what you can do about it, write the Fraud Prevention Department, National Association of Credit Management, 44 East 23rd Street, New York 10, New York. Single copies of the booklet are available at $1.00 each. Bulk prices are available on request.

Information is also available on how your company can subscribe to the Fraud Prevention Department to support its continuing efforts to check, root out, prosecute, and deter criminal fraud.

"Too-Easy" Credit Put Distributor On High Road to Unearned Riches

until NACM Fraud Prevention sleuths stepped in

(From the files of the National Association of Credit Management Fraud Prevention Department)

THE CASE of the Star Wholesale Distributors,* of Centerville, might have turned out to be a 'give-away' by suppliers had not a suspicious creditor alerted the NACM Fraud Prevention Department in time.

Principal characters in the case were: Herschel Bosky, operator of HB Auction House: John J. Jones, Jr., the "front man"; Hiram Olney, auctioneer, Fred Fortek, tavern owner, and Julio Nino (alias Melvin "Red" Steinmann), the conspirators; and the creditors.

The strategy unfolded as follows: On October 19, 1957, Julio Nino gave Jones $5,000 in cash, and on October 21st an additional $10,000 in cash, for deposit in the Centerville Savings Bank for the purpose of securing credit. Bosky then was in bankruptcy and Nino had just gone out of business owing money to a number of creditors. Neither of them could obtain credit. Jones, then working as an auto mechanic, was prevailed upon by Bosky and Nino, who had served with him in the Marine Corps in World War II, to operate the business actually belonging to

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* All names herein are fictitious.

Surrender of Management?

(Continued from page 12)

must also reappraise itself. The quality of employee output depends in large part upon the quality of management applied to nurture and develop these resources.

Management self-appraisal must be keyed to a few elementary precepts of effective operation.

First . . . top management must take an active part in tangible moves directing company affairs. It must be a living and visible entity. Many top executives rarely, if ever, visit operating areas, plant, warehouses and general offices. A sizable segment of management depends upon third-hand reports appraising customer attitudes, market conditions, technology and competition. Highly placed subordinates may have a narrow, parochial point of view, may seek to cover personal inadequacy, may want to avoid meeting grave issues.

The initiative belongs to top management. While using established channels of authority, everyone should be made to feel that management really "cares". See and be seen.

A *second* elementary precept is that the company structure must be such that management can take an active part in an easy and palatable way. In many organizations, top management has to move through many insulating layers of middle management to get results and to initiate a feedback of information. Principal officers cannot be expected to review all details personally, but tools of control must be adequate substitutes. Reporting format, channels of communication, definitions of responsibility, all must come in for intensive appraisal.

A *third* axiom is this: functions retained by management must not be vitiated by over-dispersion. A chronic condition frequently encountered is the sharing of similar operating responsibilities by several highly placed executives, such as servicing of and selling to prime accounts, and competing authority over the same production facilities. And many a financial officer absorbs operating functions alien to his basic specialty "because there just isn't any place to put them."

On the other hand, responsibilities for sales management, production management, and accounting management cannot properly be consigned to the second team or partially shared by several. Members of the top management group must accept these functions as their clearly defined and separate areas of responsibility.

Top management also must insure that the number of subordinates within the control of any one top executive does not require more than a reasonable amount of his time to provide guidance, decisions and appraisal of performance.

Words are words are words are words, but all add up to two questions. How is it that many managements clinically adjudged to be at death's door manage to survive and ride out the storms? How does a company go about reorganizing itself from top to bottom without turning everything haywire, and at great cost?

The reason that some companies which on the surface should be in difficult straits seem to be above the tide, is that because of two highly prosperous decades our economy has been able to absorb and support marginal producers through tax benefits, high prices and large volume. Now, competition from foreign and domestic producers, changing economic tides and a stiffening of consumer markets indicate that only the fit will survive.

As for the second question, first let it be said that all business ventures need a periodic overhaul. Business is dynamic, conditions are far from static, products and markets are ever changing. So the second question really should be: what type of organization should a company have and how should its policies be oriented to be able best to adjust to the flux of economic life?

No amount of machines or manpower, of technical knowhow or intellect will make lasting improvements in something that is ill conceived, behind the times in its organization, fundamentally wrong, unless the very basis of its existence is examined and understood.

For many executives accustomed to fast and hard decisions, the most appealing approach to corrective measures is to search for a package deal, a fast answer, a short study. But today no part of the company is insulated from the activities of any other part. For example, sales policy and management concept of the type of business dictate many of the conditions which surround production, accounting, paper processing, communication and general administration. Physical considerations frequently underlie problems in warehousing, inventory levels, office facilities and communications.

It follows that no examination of a company should exclude areas and operations which may integrate and tie-in to a composite picture.

THE PACING OF CHANGES

THERE ARE SITUATIONS where any attempt to introduce wholesale change will unleash dislocations of established associations of real value and result in great harm. It is important therefore that the pacing of changes be planned as effectively as the conception of the grand design. However, the time requirements should not be a reason for failure to act, and in some situations major surgery and forthright action may be needed.

Obviously there are no solutions for an unwilling management. Open-mindedness in the fullest sense is the keynote to successful thinking. The perils of failure to act in time far exceed the expense which may be incurred to bring about a resurgence of management vitality. Piecemeal treatment is far more costly than a properly integrated program.

The next logical question: Who is qualified to do the necessary analysis and carry out the programs? There is a definite danger of inbreeding within a company and within an industry. The background and training of incumbent management in many instances is

limited by the particular product, type of business, or vocational development of the principals.

Any canvass of industry will reveal a great deal of similarity in management practices and policy within the same industry, practices *which do not necessarily arise from the nature of the industry*. Some of these practices are definite weaknesses which should not be imitated.

While it is only natural that executives introducing changes should turn to the experience of others in the same industry for guideposts, experiences in alien industries can be of immeasurable value.

Another way of looking at the picture is to recognize that existing managements are the authors of the present conditions. It is unreasonable to expect these executives will lightly demolish that which they may take pride in having built. It is to the credit of many managements that they recognize this danger and give complete support to a program of improvement with the aid of others who have the necessary talents to undertake such a program.

Still another matter which the self-appraising management must consider is overcoming internal politics and relationships which may bring any major program to a foundering halt. Turning to outside help is a common device for sidestepping this barrier.

Finally, there can be specific limitations in individual executive ability to carry out organizational change. Many executives who may excel in particular abilities may lack the know-how, or even the right attitude and emotional approach.

It would seem advisable for intelligent management to review the many-sided aspects of the underlying causes of "employee inadequacy", to make periodic management self-appraisal, and to have regular programs of review and improvement, starting with a major overhaul, if indicated, to establish a strong, flexible and efficient foundation. If need be, and this will apply in many cases, qualified outside assistance should be solicited, at least to obtain an independent and objective picture of the entire company and its problems.

In the final analysis, planning alone will not make it happen. Management must accept that responsibility which all too often it has shirked. It must provide leadership, forceful attention and direction to all subordinate levels and executives.

A CALL TO EDUCATION FOR EFFICIENCY

BEGUN ON PAGE 13

fornia). And it was in St. Louis that he married Margaret Catherine Burke, First Lady of NACM.

When the Sites went west, to California, in 1930, the depression greeted them with closed arms. The Los Angeles *Times* opened them. He served successively in the statistical and legal departments and the business office before becoming assistant to Clyde O. Denning, credit executive. After the latter passed on in 1943, Mr. Sites became credit manager, with expanding duties as the enterprise branched out.

Solid in his belief in the strength of organization as the vehicle for advancement of credit standards and standing, Mr. Sites early took up association activity in both credit and advertising in California. In 1952-53 he was director of The Advertising Media Credit Executives Association International. He served several terms as a director of the Credit Managers Association of Southern California and was its president for the year 1955-56.

Director of National 1956-59, member of several of its committees, in 1959 he became vice president of the Western Division. This May at the 65th Annual Credit Congress in Denver he was acclaimed president.

Mr. Sites foresees continuation of the current trend of improvement in the economy "through 1965, at least." The development will be gradual, as he analyzes it, without sudden upsurge in either business or credit conditions. "Optimistic, yes, but with reservations," he adds. "Barring international complications beyond our control, I anticipate clearing skies ahead."

And with a credo that dictates never being satisfied with less than perfection, President Sites summons all members of National to equip themselves to the highest degree of educational efficiency and to move forward with sound policies and hard work.

His Accent Is on Sales

THE DENVER STORY IN PICTURES

ALOHAS. President and Mrs. Ralph E. Brown (left) greet President-elect and Mrs. Gilbert W. Sites at the dais.

SYMBOL OF OFFICE. The gavel is presented by President Brown to the new executive. Mrs. Sites is interested witness.

SERVICE FOR SERVICE. Silver service from the National Association of Credit Management to President and Mrs. Ralph E. Brown.

CERTIFICATES of Merit are given outgoing officers and directors. Left to right: President Ralph E. Brown, Marsh & McLennan, Inc., who officiated; S. F. Sayer, First Pennsylvania Banking & Trust Co., Philadelphia, Eastern Division vice pres., now a director; B. E. Walker, C. M. McClung & Co., Inc., Knoxville, vice pres. Southern Div.; directors C. W. Mattson, Grinnell Co. of the Pacific, Seattle; J. W. Carpenter, Union Bank & Trust Co., Grand Rapids; D. H. Hotchkiss, The Petrequin Paper Co., Cleveland; Milton Tschache, Columbia Electric & Manufacturing Co., Spokane; N. M. French, McDonald Brothers Co., Inc., Memphis; J. A. Landale, Colonial Textile Service, San Diego; and Central Div. Vice President Fred Flom, Detroit Edison Co. Not in picture: C. C. Crews, Frost National Bank, San Antonio, director. In making the presentations, President Brown underscored their contributions to a year of association progress.

THANKS to committees of the Rocky Mountain Association for superb performance. S. J. Haider, convention director, introduced the chairmen.

KUDOS to the Philippines. NACM Executive Vice President Alan S. Jeffrey, President and Mrs. Ralph E. Brown and Secretary Philip J. Gray (right) welcome Ranulfo R. Tulio, of First Acceptance and Investment Corporation, Manila, president of the Association of Credit Men (P. I.).

CONVENTION Director Haider (right) who relinquishes NACM vice presidency August 1 to become executive vice pres. and secty.-treas. of new North Central Credit and Financial Management Association, receives plaque from Alan S. Jeffrey, NACM executive vice president. The plaque reads: "To S. J. 'Bud' Haider in deep appreciation of his thirty years of untiring loyalty and devotion to the affairs of the National Association of Credit Management." The message is signed by Ralph E. Brown, president, and Mr. Jeffrey.

Who are they? Why, Mrs. and Mr. J. B. McKelvy, secretary-manager of The Rocky Mountain Association of Credit Men. And what are they doing? Telling fortunes—that is, revealing the identities of the credit executives who will take home the camera and projector, and stereophonic combination phonograph and radio. And who were the winners? The answer in pictures page 23.

A TOUCH of the reception line at the President's Reception and Ball. (R to L) Past President and Mrs. W. L. Holmes, Past President and Mrs. Irwin Stumborg, and President George D. Spillane of the Rocky Mountain Association of Credit Men, with Mrs. Spillane.

NINETEEN YEARS and one month of continuous monthly membership gain—229 months, earned a special plaque, presented by Norbert S. House, The Howard Zink Corp., Fremont, Ohio, NACM director and membership chairman, to Indiana Association of Credit Men, Indianapolis, R. H. Johns secretary. Mr. Johns is shown with the secretaries of four other associations which had more than five years of continuous gain. L to R: G. E. Lawrence, Dallas (83 months); Lee J. Fortner, Los Angeles (103); Lawrence Holzman, San Diego (193); Mr. Johns, and J. R. Leister, Toledo (75 months). All received wristwatches except Mr. Johns of Indianapolis, who had asked that a war bond instead be made out to Edward B. Schuler, sales manager of the Indiana association.

WHEN the western division, of which Gilbert W. Sites (left) was 1960-61 vice president, showed the largest increase of new members in the year, B. Earl Walker, Southern division vice pres., presented this memento, ten silver dollars embedded in choice Tennessee wood.

The award became an annual event following impromptu challenge precipitated among divisional vice presidents at an earlier credit congress. Mr. Walker made certain this one would be a permanent fixture.

FIVE-YEAR AWARD presentations. Accepting the plaques from Norbert S. House were: for Class AA, Indianapolis, D. J. Watson, assn. president, and Ralph Johns, secty.-mgr.; Class A, Portland, K. C. Hume, pres., and R. W. Kupfer, secty.-mgr.; Class B, Birmingham, P. G. Phillips, pres., and Robert Burr, past pres.; Class C, Phoenix, Jack Mott, past director, and Frank Hill, secty.-mgr.; Class D, Hartford, Peter Van Slyck, vice pres.; Class E. Erie, Eugene Drake, past pres.; Class F, Norfolk, George T. Brian, NACM director; Class G. Bluefield, W. Va., W. R. Hitchcock, NACM director.

WINNERS of one-year membership awards—plaques and Elgin wristwatches. Seated (l to r): for Class D. Hartford, Frank R. Basney, president, and W. W. McAdam, secretary; Class F, Norfolk, G. T. Brian, Jr., Baltimore, NACM director; Class G, Lansing, G. B. Bird, pres. STANDING: for Class AA, Los Angeles, G. J. Hoskin, pres., and L. J. Fortner, secty.-mgr.; Class E. Knoxville, C. W. Rymer, past pres.; Class B. Birmingham, T. G. Phillips, pres.; Class C, Memphis, Levi Burns, pres., and J. D. Weems, secty.-mgr.; Class A, San Diego, Lawrence Holzman, secty.-mgr., and Hugh McArthur, pres.

SYDNEY L. HAMMER (right), vice president Manufacturers Trust Company, New York, receives NACM's Zebras award for largest number of new members. Left: W. A. Ware, Grand Exalted Superzeb.

NACM Insurance Advisory Council Award goes to St. Louis Association of Credit Management. (L to R) Wilson D. Sked, vice pres. Marsh & McLennan Inc., Chicago, Council chm.; J. J. Nemeth, vice pres. E. H. Fishman, Inc., Cleveland, chm, special awards committee; F. J. Athanasakos, Blanton Co., assn. president, and Jack F. Schofield, secty.-treas. and exec. vice pres.

PRESENTATION of Meritorious Achievements Award of American Petroleum Credit Association. L to R: H. W. Dugdale, assistant general credit manager Shell Oil Co., New York, APCA president; Eugene B. Kruger, manager of credit Southern California Edison Co., Los Angeles; Miss Virginia E. Starke, credit manager Union Bag-Camp Paper Corp., New York; and Dr. Peter C. Peasley, executive director NACM Graduate School.

THE DRAWINGS. Paul S. Conner Combustion Engineering Inc., Chattanooga, winner of the stereophonic combination phonograph and radio

WILLIAM H. MASSEY, Wallace Hardware Co., Morristown, Tenn., who won the movie camera and projector. To Tennessee, therefore, a double salute.

ZEBRA OF THE YEAR plaque, won by James A. Davidson, Dravo Corp., Pittsburgh, is received for him by Rowland Wilson (left), Jones & Laughlin Steel Corp., past Superzeb and new Atlantic Ranger, from William A. Ware, GES.

1960-61 Executive Committee meets. Left to right: B. Earle Walker, C. M. McClung & Co., Inc., Knoxville, vice pres. Southern Division; Earl N. Felio, Colgate-Palmolive Co., New York, director; President Ralph E. Brown, Marsh & McLennan, Inc., St. Louis; Fred Flom, Detroit Edison Co., Detroit, vice pres. Central Div.; Stephen F. Sayer, First Pennsylvania Banking & Trust Co., Philadelphia, vice pres. Eastern Div., and (inset) Gilbert W. Sites, The Times-Mirror Co., Los Angeles, then vice pres. Western Division.

Tribute to SECRETARY-MANAGERS For Year of Service

Mrs. and Mr. Ralph E. Brown, Mrs. William L. Holmes, Mr. and Mrs. Irwin Stumborg, Alan S. Jeffrey, NACM executive vice president, and D. R. Meredith, Credit Assn. of Western Pennsylvania, Pittsburgh.

Pre-convention business meetings of the affiliated associations' managers were leavened by a dinner given Thursday by the Rocky Mountain Association of Credit Men, and a reception on Friday by NACM with these pictorial results.

Mrs. E. H. Kurtz, Omaha; Mrs. and Mr. Jack F. Schofield, of the St. Louis Assn. of Credit Management; Mrs. G. E. Lawrence, Dallas, and Mrs. Philip Gray, New York. Mr. Gray, now secretary of the National Association of Credit Management, becomes staff vice president on August 1st.

L to R: P. L. Plemens, Baltimore Assn. of Credit Management; Henry J. Lamb, New England Assn. of Credit Executives, Inc., Boston; W. H. Kershner, Credit Management of Delaware Valley, Philadelphia; Alvin A. Smith, Hawaii Assn. of Credit Men, Honolulu.

J. L. Vance, El Paso; James E. Ham, Kansas City; J. D. Weems, Memphis; William McAdam, Connecticut Assn.; John D. Hueneryager, Credit Managers Association of Southern California, Los Angeles. Mr. Vance was elected chairman of the Secretarial Council for 1961-62.

Victor A. Biscotti, secretary-mgr. Western Mass. Assn. of Credit Executives, Springfield, Mass.; Rubert Lindholm, Credit & Financial Management Assn., Minneapolis, Mrs. Lindholm, Mrs. Biscotti.

Mrs. and Mr. Barrett R. Tanner, New York Credit & Financial Management Assn.; Mrs. and Mr. M. J. Davis, New York Credit Men's Adjustment Bureau, Inc.; Judge A. H. Dunlop, NACM Jacksonville affiliate association.

W. H. Murken, Spokane; Mrs. and Mr. Carroll E. Swanson, San Francisco; Mrs. and Mr. E. E. Porter, Seattle; Robert W. Kupfer, Portland; Richard Eyde, San Francisco, member of the NACM 1961-62 executive committee, at National's reception for the secretary-managers of the affiliated organizations.

Secretary-Managers E. H. Kurtz, NACM Nebraska-Western Iowa Unit, Omaha; Lawrence Holzman, Wholesale Credit Men's Assn., San Diego; and John H. Neiman, NACM Iowa Unit, Des Moines.

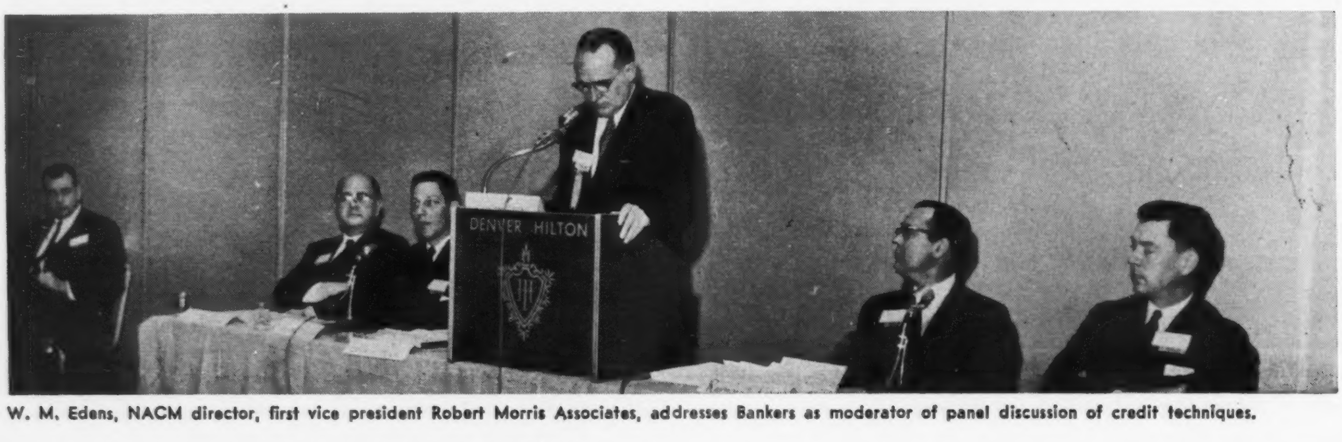
(L to R) Walter J. Hempy of the Board of Trade, San Francisco; Mrs. and Mr. George E. Lawrence, secretary of the Dallas Association of Credit Management, one of five leaders in longest consecutive membership increase.

Here and There at the 30 Industry Meetings

LEFT: Electric and Electronic Manufacturers in session. Open forum discussions were a feature.

A part of the audience at a meeting of Oil Field Services and Supply Group. Four addresses and three open forums provided a varied program.

A discussion topic is introduced to members of the Hardware Manufacturers Group. Subjects included lock box collection and use of punch cards.



W. M. Edens, NACM director, first vice president Robert Morris Associates, addresses Bankers as moderator of panel discussion of credit techniques.

Gray Is Elected NACM Vice President; Roper Is Named Association Secretary

Philip J. Gray, secretary of the National Association of Credit Management and director of its Foreign Credit Interchange Bureau, has been named vice president of the association, and Robert L. Roper has been advanced from assistant secretary to secretary. Both changes of office are effective August 1st.

> ***When you can do the common things of life in an uncommon way, you will command the attention of the world.***
> **—George Washington Carver**

MR. GRAY has been on the staff of National continuously since 1930, after operating his own advertising agency in Chicago the previous ten years.

P. J. GRAY

After two years as manager of the association's Chicago office Mr. Gray was for a year Industry Group organizer in Central Credit Interchange Bureau in St. Louis, then was assigned to the association's legislative department and the Washington (D.C.) Service Bureau. In 1938 he transferred to the Foreign Credit Interchange Bureau in New York, and took over its management in 1941.

The Bureau serves members in international trade through reports on buyers worldwide and with information reported in weekly and monthly publications edited by Mr. Gray, and through monthly Round Table discussions. Mr. Gray has discussed foreign credits and collections before university classes and many commercial groups.

Named by the Department of Commerce to serve on a trade mission to Europe, he participated officially at the Milan and Paris International Trade Fairs. In recent years he has visited 13 Latin-American countries and conferred with governmental officials and business leaders, conducted an International Credit Conference in London, followed by business visits to seven cities on the Continent. Following a pre-Castro visit to Havana and the Cuban Association of Credit Men, he conferred with business leaders in Caribbean centers.

MR. ROPER, who became assistant secretary of NACM November 9, 1958, had joined National's home office staff in the winter of 1953-54 and was appointed director of the legislative department to succeed the late Captain S. B. McKinney. Previously he had been associated as a writer, business analyst and public relations counselor with Prentice-Hall, Inc., Forbes Magazine, Dun's Review and similar organizations.

R. L. ROPER

He attended the University of Michigan three years and received a degree in economics at Rutgers University in 1948. In World War II he served with the Eighth Air Force in the European Theatre.

Mr. Roper co-authored "Selling Side of Credit Correspondence" and was a contributing editor to the "Credit Management Handbook".

He is staff representative of the National Advisory Insurance Council, and secretary of the National Committee on Improved Construction Practices as well as the National Legislative Committee.

Tel-Fil Group Reelects Mark

John Mark of Television Industry Corporation has been reelected chairman of the Tel-Fil Credit Group of the New York Credit & Financial Management Association.

Sees 2 to 3% Advance in '61; Modestly Higher Level in '62

The "mildest recession on record" is over, the economy should advance 2 to 3 per cent in the remainder of this year, and to a "modestly higher" level in 1962, Walter E. Hoadley, vice president and treasurer of Armstrong Cork Company, Lancaster, Pa., predicted at the annual convention of the company's wholesale distributors. He called the building industry "very ripe for many major changes."

He said the President's housing measure has "huge inflationary overtones" but saw in it an "economically sound, major swing in emphasis toward repair and modernization."

Credit Management Education, Prestige, Responsibility among Cincinnati Conference Topics

Credit management prestige and education, and specific areas of credit manager function and responsibility, were among subjects of speakers' attentions at the eighth annual All-Day Credit Conference of the Cincinnati Association of Credit Management.

After the opening greetings from President R. L. Wagner of the association, the important role of the credit manager in today's business operations was emphasized by Calvin F. Lloyd, president Gardner Division, Diamond National Corporation, Middletown, Ohio.

"Privileged Communications — The Do's and Don'ts" were discussed by R. W. Biccum, general attorney, Retail Credit Company, Inc., Atlanta, and Raymond Pellman, referee in bankruptcy, Southern District of Ohio, outlined present-day developments in bankruptcy.

Peter C. Peasley, Ph.D., NACM educational director, with the topic "Money-Credit-Capital in Today's Market," pointed out the misnomer inherent in the word "Communism," actually a supra-capitalistic form of government.

"A Fresh Approach to Small Business Statement Analysis" was presented by H. Donald Roberts, investment advisor.

Ways in which the duties of the credit manager must be upgraded were sketched by H. B. Simpson, vice president of American Lubricants Company, Dayton.

A case history, with solutions of the complications involved, was the concluding number of the seminar. The speaker was Joseph Osberger of J. L. Osberger & Co., CPAs and business consultants.

IMPROVEMENT: Theme of Convention Messages

CONTINUED FROM PAGE 10

which is "the last remnant in the preceding recession to disappear."

Rightfully, a slow recovery must mean that the "expansion of the recovery and the reduction of unemployment will be proceeding more slowly than these processes normally proceed."

Dr. McCracken discounted the significance of the 3, 4 and 5 per cent unemployment statistics. The post-1949 recovery period, for example, was that of the Korean conflict with its defense spending.

"In the 1958-59 period we did not achieve a full recovery. It was weaker than the expansion for 1954 and 1957." The reasons? First, in 1959-60 we had "an absolutely massive shift in the federal budget," from a $13 billion cash deficit in fiscal '59 to a $1 billion cash surplus in fiscal '60, and actually a swing of $22 billions from the first-quarter 1959 annual rate deficit of $15 billions to a third-quarter 1960 annual rate surplus of $7 billions. "At that stage it would have been irresponsible not to have started taking fairly firm action to get the budget back in balance."

Another point. In retrospect, Dr. McCracken declared, one can say that the monetary and credit policy of the Federal Reserve was too tight by the middle and latter part of 1959 and early 1960, and it was unfortunate that the policy came precisely at the time of the rapid and sharp change in the position of the federal budget. Came also the steel strike to blur the impact.

Dr. McCracken emphasized that he was not criticizing the Federal Reserve System, which had been having a problem of "emergency welling up of a kind of exaggerated inflation." Monday morning quarterbacking is easy; nevertheless, the FRS policy, he said, was part of the cause of the premature leveling off of business activity, and

"The important thing, next time, is to try to pursue these policy measures more smoothly," for less strain on the economy.

THERE is nothing in the training of a good credit man or credit woman that of itself makes a good credit *manager*; the ability to manage is completely different from knowledge.

From that premise, Dr. Hayes introduced this point: "I wouldn't want a credit man who didn't know credit, but I certainly *would* want a manager who knows management.

Complete text of Dr. Hayes' address will be available on request.

Five overall activities of good managers, he pointed out, are these: they plan, organize, coordinate, motivate and control. "The better you get as a manager in the credit department the less you will know about the credit function itself, and this is exactly where many a credit man never makes the great decision to be a manager." Why? Because he insists that everything that is a problem come over his desk. "Yet the training of the new managers is in his hands, and the new manager who has never tried the problems won't find out about them until the credit man has long gone."

The credit manager who doesn't know where his credit operations are to be five years hence is not doing a good job of managing, for it is a part of the management job to plan, to anticipate.

"Your credit policy ought to be well-enough defined five years out so that those who don't want to go in this direction still have the opportunity to contact the many other excellent companies for which they can work," said Dr. Hayes.

"Planning is not only a question of setting objective but it also gives a sense of accomplishment to young people who must be the generation of new credit managers."

Many don't need training for credit because they have never failed, for out of failure comes the necessity for learning.

Charts and manuals are not organization; they are symbols or techniques. A manager's job is to

Dr. Paul W. McCracken

Alan S. Jeffrey

Dr. James L. Hayes

New officers and directors of NACM hold their first meeting at Denver, following the convention.

help the man who failed to do his part so that the overall objective of the department will be reached.

Important, too, is delegation of authority, the educator emphasized. "One of the fundamental rules we must learn is that a subordinate never asks a question without a recommendation. It's the only way to know how subordinates think and judge." Not letting subordinates carry some of the tough jobs is admission that "we have not made the decision to be a manager."

The company does not exist for the credit function; the company is an entity that exists to serve customers and make a profit, and the credit department is a segment of that entity. That's where coordination enters the picture. In too many companies a subordinate function thinks it is the company, he warned.

"We have casuistry, reasoning our way through things by devious devices. We have downright lying. It is time we took a good long look at the difference between the illegal, the unethical, and the immoral."

The challenge of motivation is to "get people so that they want to get into credit work," and the upgrading of title is "something we should look to if we are good credit managers." Furthermore, "we want people to see the great area that is yet to come for credit," and "we need more credit people with the youngster's point of view that out there in the distance we're going to need some real creativity."

As for control, one of the dangers noted by Dr. Hayes is this: "We are making reports ends unto themselves, and as we come into the day of electronic machinery this is going to become more marked. If I have a mess in my credit picture I want the kind of report that identifies the mess readily and quickly. Reports will always mean, in my heart, action.

"Controls tell you three things. Are you on plan? In what direction should you correct your actions in order to get back on plan? What are the dangers that lie ahead?"

Finally, management can grow only with the number of people who become involved in solid management.

THE responsibility of the credit manager, Cris Dobbins told the delegates, is to appraise needs and to extend credit in accordance with those needs. This must be in the light of the times and in a manner which will permit the business machine to operate, "but keeping ever in mind also that at some point in the cycle it is necessary to strike a balance and get back the firm's credit advances."

Cris Dobbins

Methods and procedures in credit management have changed vastly in recent years, the company president observed. Years back, when he was assistant sales manager of the Colorado Portland Cement Company, and later as sales manager, credits were his daily concern, for then, as now in his company, sales managers were held responsible for accepting credit and collecting accounts.

"In the cement business we have relatively few accounts, generally of considerable substance, and the salesmen and sales managers know intimately the status of their customers. Most importantly, they know the character of their customers. At times, however, even the better accounts may get into difficulties. Then we expect our sales group to bring in, for immediate consideration by our financial and management executives, all facts pertinent to the situation."

The full text of Cris Dobbins' address will be available on request.

Mr. Dobbins presented a comparison, 1955-60, of trade accounts receivable of Ideal Cement Company as a percentage of billings. Showing was a sharp rise recently in 90-day past-due accounts, "perhaps a commentary on the times," though "a 2 per cent past-due figure at 90 days would be low for most types of business."

Only time, he said, will prove the

New NACM Officers and Directors

President—Gilbert W. Sites, The Times-Mirror Co., Los Angeles, Calif.
Vice President (Central Division)—Robert L. Howard, Logan Co., Louisville, Ky.
Vice President (Eastern Division)—Charles W. Pritchard, Telecommunications Division, General Dynamics/Electronics, Rochester, N.Y.
Vice President (Southern Division)—Ted B. Hendrick, Collins-Dietz-Morris Co., Oklahoma City, Okla.
Vice President (Western Division)—L. Merle Davis, Kuner-Empson Co., Brighton, Col.

Directors—Three Years

Leon S. Cord, Cook Paint & Varnish Co., Fort Worth, Texas
Paul E. Ewers, Michigan Consolidated Gas Co., Detroit, Mich.
Mrs. Hermine A. Fischer, The Christian Science Monitor, Boston, Mass.
Lorence R. Folda, L. R. Folda Co., Lemon Grove, Calif.
Miss Marie Louise LaNoue, The Times-Picayune Publishing Co., New Orleans, La.
Jasper C. Osborne, Trust Company of Georgia, Atlanta, Ga. (Reelected for 3-Yr. Term)
N. I. Ottinger, Cook Paint & Varnish Co., St. Louis, Mo.
Eugene W. Pogue, Hyster Company, Portland, Ore.
Herbert C. Schick, The Torrington Mfg. Co., Torrington, Conn.

Directors—One Year

J. V. Brosamer, Tacoma News Tribune, Tribune Publishing Co., Tacoma, Wash.
Stephen F. Sayer, First Pennsylvania Banking & Trust Co., Philadelphia, Pa.

Textile Fraud Prevention Fund Committee Reelects Brown

J. Joseph Brown, Leslie Catlin & Co., New York, has been reelected chairman of the executive committee of the Textile Fraud Prevention Fund, National Association of Credit Management.


J. J. BROWN

George E. Gaba, J. P. Stevens & Co. was renamed vice chairman. Paul M. Strick, James Talcott, Inc., and Joseph C. Locastro, Commercial Factors Corp., were elected to the executive committee. Ervin A. Schutz, Burlington Industries, continues on the committee.

Mr. Brown reported that there are 51 subscribers to the Fund and noted that NACM is putting out a booklet covering the field of fraud prevention.

John C. Fredell, counsel and director, Fraud Prevention Department, NACM, said there is evidence that organized crime is participating in mail fraud and fraudulent bankruptcies in various commercial centers.

He said his department had investigated 22 new cases in the past year. Nine indictments in the year resulted in two convictions; 15 indictments are pending.

degree of wisdom, judgment and effectiveness of federal measures now in the making to deal with the economy. He considered it understandable, under the circumstances, that the outgoing administration "soft-pedaled" the extent of the recession which in retrospect was in the making in late 1959, and that the incoming administration "not only publicized, but possibly overemphasized, our plight in the first six weeks or two months of the new regime." In any event, "the recession seems to have run its course, perhaps without regard to which party or which man was in office."

Mr. Dobbins, recounting addresses by Cabinet members at a Government-Industry Conference of the National Industrial Conference Board which he attended in Washington, noted the government representatives' tone of desire to cooperate with business.

Nevertheless, "the correcting of the business recession left over from last year will be greatly helped if the climate in Washington is more favorable to business than appears now to be the case.

"If harassment of business by Government agencies continues; if there persists what I sense as a deep-rooted feeling in administrative agencies in Washington that profitability *per se* is suspect; and if tax 'reforms' are continued which in the long run make less hopeful the prospect of operating our free-enterprise system profitably, then it seems to me that all the money we spend and all the propaganda we turn out in defense of our way of life is largely wasted.

"If our way of life is to continue and be meaningful, individual enterprise must be fostered and the climate for individual accomplishment must be preserved."

GEORGE W. SCHAIBLE, regional credit manager General Electric Co., president Credit Management Association of Delaware Valley, calls all to 66th Annual Credit Congress in Philadelphia May 13-17, 1962

President Brown receives gavel from Chairman R. C. Erickson at the opening session of the Credit Congress

Keep Business Houses Clean, Ford Urges Top Managements

Top managements of businesses are urged by Henry Ford 2d to "keep their houses in order", to confess legal and ethical lapses if they do occur and then take "positive steps to see that it doesn't happen again".

Addressing the Minneapolis Junior Chamber of Commerce, the chairman and chief executive officer of Ford Motor Company upbraided American business for permitting the muddied atmosphere under which 29 electrical manufacturers recently were convicted of price-rigging and price fixing, and the alleged unethical practices aired in the automobile industry.

The industrialist called for harmony among Government, industry and labor. He denied that President Kennedy's new Advisory Committee on Labor-Management Policy, of which he is a member, is a screen for future imposition of wage and price controls.

Home Improvement Racketeers Fought by Lenders' Committee

Policing of racketeering in home improvement promotion is the aim of a group formed by Arizona bankers. The Lenders' Committee, headed by H. E. Gaunt, officer of the Valley National Bank, Phoenix, seeks to protect home improvement loan borrowers from dealers and salesmen using "improper selling tactics such as overpricing, alleged debt consolidation, misrepresentation of products, ambiguous guaranties or falsification of credit applications". Available to borrowers is a list of recommended contractors.

Lead from Strength, President Brown Asks in Report of His Stewardship

EVEN greater strength and authority for expansion of service will come from within to the National Association of Credit Management, and greater recognition and prestige from without, on both national and international levels, by leading from the strength attained in 65 years of building, President Ralph E. Brown predicted in his report to the Credit Congress at Denver.

A recounting of his many missions for National in the year, entailing innumerable miles of travel and 147 working days, was his prelude to summation of the basic message he had carried to conferences of credit executives and others.

Stepping-Stones to Progress

His decalog:

"Credit is the foundation of all business;

"The stature of the credit executive in his company and community must be enhanced;

"Credit executives should be encouraged to enroll for further development" in the educational program of the Credit Research Foundation;

"Public relations are of utmost importance to every local, just as they are to National;

"We should have in our locals a definite program for trainees to succeed secretary-managers seeking retirement;

"The key to our success as a professional organization, national and unified, encompasses four aims we must foster continually: communication and cooperation in a coordinated program that serves our common cause at all times."

National's officers and directors, he said, "have continued their efforts toward improving the services and benefits to local associations within the limits of the monies available, and will continue to operate within our means despite rising costs.

"Our thinking too was along the lines of obtaining young men to strengthen the National staff when their training and experience are adequate to take over the responsibilities of top management people who leave us at retirement or for other reasons.

"We were singularly fortunate in securing Alan S. Jeffrey for the position of executive vice president—an excellent start toward that goal. Mr. Jeffrey has an outstanding background as an educator and broad business management and credit experience."

In Peter C. Peasley, Ph.D., appointed director of education and research, "we have a young man of background as author, lecturer, financial consultant to banks and commercial companies, and educator."

Noted were the 100 visits to 75 local associations by the three-man Field Service Department team—S. J. Haider (Credit Interchange), Beverly H. Badger (membership and promotion), and Stanley H. Lytle (collection and adjustment). Mentioned also was the TWX service installed in 48 local bureaus of the Interchange system to speed the flow of information. With the closing of National's Chicago office and transfer of records to New York, Mr. Badger had been assigned the membership duties previously handled by E. B. Moran, now consultant, then executive vice president.

Mr. Brown cited the *NACM News* as an excellent medium for exchange of information.

Contributions of Credit Women

The Credit Women's Groups, who at Denver celebrated their 36th year, "have helped our organization grow, have strengthened and directly fostered the educational programs, and contributed energy, spirit and imagination."

He commended the work of the Royal Order of Zebras—"membership getters".

The Credit Research Foundation, with its many special studies and other services, "has an outstanding program for furthering development and education for the credit and financial executive."

Mr. Brown expressed his gratitude for the counseling from National past presidents, to the executive committee, the Secretarial Council and Chairman Henry J. Lamb, and to the divisional vice presidents and the directors.

BOARD OF TRUSTEES and attending members of NACM's Credit Research Foundation, Inc. Seated (l to r), John F. Neary, Jr.; Irwin Stumborg, CRF president; H. J. Kneuker, vice pres. research; J. H. Donovan, vice pres. professional development and education; J. F. Welsh, vice pres. finance; W. J. McDonald, L. B. Wilson, Mrs. Lucy Killmer, C. Callaway, Jr. Standing: Philip J. Gray, George Christie, Dr. P. C. Peasley; W. L. Holmes, L. B. Houghton, vice pres. promotion and development; R. L. Carlton, W. J. Nabor, C. E. Robinson, J. C. Wiesner, R. A. Geib, Howard Almy, P. J. Viall, G. T. Brian, Jr., K. E. Campbell. Messrs. Stumborg, Donovan, Callaway, Holmes and Viall are NACM past presidents.

Credit Research Foundation Expands Plans; Stumborg Renamed President

EXPANSION in each area of service of the Credit Research Foundation, Inc., was voted at the annual meeting held in Denver. Among projects are an enlarged and integrated program of education in credit management and a twofold development of research, for long-range basic studies in credit and finance and for short-range special attentions to problems of immediate interest.

IRWIN STUMBORG
President

Irwin Stumborg, assistant treasurer The Baldwin Piano Company, Cincinnati, NACM past president, was reelected president of the Foundation. Elected vice presidents to serve as chairmen of the functional committees were: Education and Professional Development, *J. Allen Walker*, general credit manager Standard Oil Company of California, San Francisco, past NACM president; Promotion and Development, *Leroy B. Houghton* (reelected), treasurer Union Oil Co. of California, Los Angeles; Research, *Harold J. Kneuker* (reelected), assistant treasurer American Machine & Foundry Co., New York; and Finance, *James F. Welsh* (reelected), general manager McCormick Division, McCormick & Co., Baltimore.

Trustees elected for three years were Mr. Walker and Kenneth Campbell, vice president Bank of America NT&SA, San Francisco. Reelected for three years were Mr. Stumborg and W. L. Holmes, general credit manager Schlumberger Well Surveying Corp., Houston, past NACM president. Ralph E. Brown, vice president Marsh & McLennan, Inc., St. Louis, immediate past president NACM, was named trustee for the one-year term.

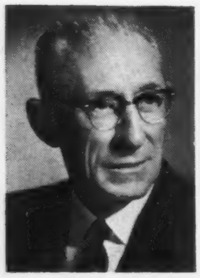
A silver bowl, in recognition of meritorious service, was presented to Mr. Stumborg. Officiating was Ben F. Edwards, Jr., chairman Western Refrigerating and Cold Storage Company, San Francisco, CRF president 1959-60.

Alumni Association officers chosen for 1961-62 are headed by Mrs. Helen Block (Dartmouth 1955), of Tee Pak, Inc., Chicago. Others elected are: vice president, Herman J. Hoff (Stanford '58), Pacific Finance Corp., Los Angeles; treasurer, Edward R. Costello (D. '53), Edgecomb Steel Co., Philadelphia; secretary, Wayne L. Shaffer (S. '54), Pittsburgh-Des Moines Steel Co., Santa Clara; directors (until 1964), Carol M. Cook (S. '57), Brown-Forman Co., Louisville; David W. Lewis (D. '57), Bankers Trust Co., New York; and T. M. Sherman (D. '57), Thompson Ramo Wooldridge, Inc., Cleveland. Foundation President Stumborg presented a plaque to Mr. Cook for his services as 1960-61 president of the Alumni.

Functional committees had convened on the Saturday preceding the Credit Congress.

Chairman Houghton of the Committee on Promotion and Development predicted a substantial increase in Foundation membership with the upturn of the economy. He suggested consideration of establishment of more local metropolitan chapters to complement those in New York and San Francisco.

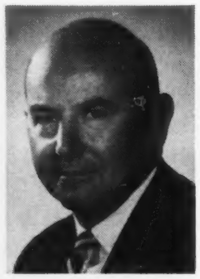
High in priority of long-range projects considered by the Committee on Research is analysis and classification of the Management Study Reports submitted by students of the Foundation's Graduate School of Credit and Financial Management,



J. A. WALKER
V.P. Education

J. F. WELSH
V.P. Finance

H. J. KNEUKER
V.P. Research



L. B. HOUGHTON
V.P. Promotion

with the ultimate aim to compile a series of Case Books for use by universities and other schools and as a builder of prestige for the Foundation. The committee will continue its study of the computer in application of the credit and collection function, and plans soon to issue a study titled "Cash Flow Projection —A Tool of Credit Management."

Chairman James H. Donovan, assistant treasurer Jones & Laughlin Steel Corp., Pittsburgh, past NACM president, told the Committee on Education and Professional Development of widened plans for the Graduate Schools at Dartmouth and Stanford. The undergraduate program of the National Institute of Credit and the Associate and Fellow Awards will be strengthened, a rewriting of the correspondence courses in basic and advanced credit management is underway with marketable courses planned to be available this fall, and the number of seminars and workshops will be increased.

MEMA Scholarships Awarded at Denver

The annual scholarship awards of the Motor and Equipment Manufacturers Association were presented at the Credit Congress by John W. Howell of Timken Roller Bearing Company, Canton, Ohio, chairman of the education committee of MEMA, of which Frederic J. Lanning, New York, is general manager.

The three winners are Frank E. Brence of Flexonics Corp., Bartlett, Ill.; LeGrand G. Ryan, Thompson Products Replacement Division, Thompson Ramo Wooldridge, Inc., Cleveland, and Ronald F. Werner, Sealed Power Corp., Muskegon, Mich.

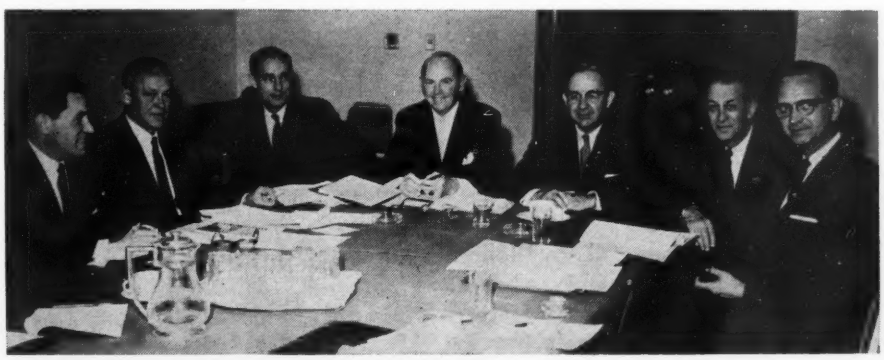
They will attend NACM's Graduate School of Credit & Financial Management at either Dartmouth or Stanford.

Sales Executives Honor Mapel

A business that misleads customers with dishonest promotion will eventually itself become dishonest, Eugene B. Mapel, vice president and director of marketing of The Chase Manhattan Bank, told members of the Sales Executives Club in accepting the club's "Marketing Statesman of the Year" award.

JOINT NACM and Credit Research Foundation committee on professional development and education. Seated (l to r) Howard Almy, Collyer Insulated Wire Co., Pawtucket, R.I.; Miss Margaret Lynaugh, recording secretary; Mrs. Lucy Killmer, Guaranty Specialty Co., Cleveland; T. E. Johnson, The Youngstown Sheet & Tube Co., of Youngstown, Ohio. Standing: George Christie, CRF's assistant director of education; John C. Wiesner, California Packing Co., San Francisco; James H. Donovan, Jones & Laughlin Steel Corp., Pittsburgh, NACM past president and committee chairman; Dr. Peter C. Peasley, director of education; C. E. Robinson, First National Bank of Boston.

CRF Committee on Research meets. Standing (l to r): Murray V. Johnston, Gulf Oil Corp., Houston; John F. Neary, Jr., asst. director of research, CRF; W. J. Naber, Jr., Monsanto Chemical Co., St. Louis; L. B. Wilson, Union Carbide Corp., New York; J. F. Seeley, Pacific Finance Corp., Los Angeles; Alan S. Jeffrey, NACM executive vice president. SEATED: H. J. Kneuker, American Machine & Foundry Co., New York, chairman; R. L. Carlton, Continental Can Co., New York; Paul J. Viall, The Chattanooga Medicine Co., Chattanooga, NACM past president; Jasper C. Osborne, Trust Co. of Georgia, Atlanta; G. T. Brian, Jr., Noxzema Chemical Co., Baltimore; Charles Fernald, Marine Leasing Corp., Philadelphia, NACM past president.



AT SESSION of Credit Research Foundation Committee on Promotion and Development. (L to R) Robert A. Geib, Chemical Bank New York Trust Co.; K. E. Campbell, Bank of America, NT&SA, San Francisco; R. L. Roper, NACM, New York; L. B. Houghton, Union Oil Co. of California, Los Angeles, chairman; C. Callaway, Jr., Crystal Springs Bleachery, Chickamauga, Ga. NACM past president; Fred Flom, Detroit Edison Co., NACM past vice president; and W. L. Holmes, Schlumberger Well Surveying Corp., Houston, NACM past president.

The Membership Award Winners

Five-Year

Indianapolis—Class AA
Portland—Class A
Birmingham—Class B
Phoenix—Class C
Hartford—Class D
Erie—Class E
Norfolk—Class F
Bluefield—Class G

One-Year

Los Angeles—Class AA
San Diego—Class A
Birmingham—Class B
Memphis—Class C
Hartford—Class D
Knoxville—Class E
Norfolk—Class F
Lansing—Class G

Special Honors

Indianapolis—229 months of consecutive net gain.

Indianapolis, San Diego, Los Angeles, Dallas and Toledo—in that order, runners up: largest number of months of consecutive gain.

Credit Women's Groups — First place, Dallas; second place, Oklahoma City.

Royal Order of Zebras — NACM's Zebra Award, Sydney L. Hammer, New York. Zebras' "Zebra of the Year", James A. Davidson, Pittsburgh.

To St. Louis Association—NACM Insurance Advisory Council Meritorious Achievement Award

American Petroleum Credit Association Awards—Eugene B. Kruger, Los Angeles, and Miss Virginia E. Starke, New York.

Three scholarships to NACM Graduate School, presented by John W. Howell, Canton, Ohio, chairman Education Committee of Motor and Equipment Manufacturers Association. Winners: Frank E. Brence, Bartlett, Ill.; LeGrand G. Ryan, Cleveland; and Ronald F. Werner, Muskegon, Mich.

NEW PRESIDENTS. ***Ranulfo R. Tulio, Association of Credit Men (P. I.) Inc., Manila, and Gilbert W. Sites, NACM, Los Angeles.***

National's New Official Family ➡

SHOWN on the opposite page are members of the new executive family of the National Association of Credit Management—officers and directors for 1961-1962. The president and four divisional vice presidents are also directors, and past presidents Ralph E. Brown, William L. Holmes and James H. Donovan are advisory directors. Asterisk preceding name designates newly elected.

*GILBERT W. SITES, *NACM President*, General Credit Manager, The Times-Mirror Co., Los Angeles, Calif.

*L. MERLE DAVIS, *Vice President, Western Division*, Treasurer-Assistant Secretary, Kuner-Empson Company, Brighton, Col.

*T. B. HENDRICK, *Vice President, Southern Division*, President, Collins-Dietz-Morris Co., Oklahoma City, Okla.

*ROBERT L. HOWARD, *Vice President, Central Division*, Director, Vice President and Controller, Logan Company, Louisville, Ky.

*CHARLES W. PRITCHARD, *Vice President, Eastern Division*, Finance Manager, Telecommunications Division, General Dynamics/Electronics, Rochester, N. Y.

DIRECTORS

MILTON H. ANDERSON, District Financial Manager Graybar Electric Company, Cincinnati, O.

JOHN W. BOWYER, Vice President and Treasurer Omaha Steel Works, Omaha, Neb.

GEORGE T. BRIAN, Jr., Vice President and Credit Manager Noxzema Chemical Co., Baltimore, Md.

*J. V. BROSAMER, Credit Manager Tacoma News Tribune, Tribune Publishing Co., Tacoma, Wash.

*LEON S. CORD, Credit Manager Cook Paint & Varnish Company, Fort Worth, Texas.

WILLIAM M. EDENS, second vice president Continental Illinois National Bank & Trust Co. of Chicago, Chicago, Ill., and First Vice President Robert Morris Associates.

*PAUL E. EWERS, Commercial Office Manager Michigan Consolidated Gas Company, Detroit, Mich.

RICHARD B. EYDE, Credit Manager J. A. Folger & Company, San Francisco, Calif.

*MRS. HERMINE A. FISCHER, Credit Manager The Christian Science Monitor, Boston, Mass.

*LORENCE R. FOLDA, President L. R. Folda Company, Lemon Grove, Calif.

E. F. GUEBLE, General Credit Manager The Garrett Corporation, Los Angeles, Calif.

IVAN L. HILLMAN, Treasurer Dravo Corporation, Pittsburgh, Pa.

WALLACE REED HITCHCOCK, Treasurer-Secretary The United Clay Products Co., Washington, D. C.

NORBERT S. HOUSE, Treasurer & Controller The Howard Zink Corporation, Fremont, Ohio.

THEODORE A. JOHNSON, Credit Manager The Youngstown Sheet & Tube Co., Youngstown, Ohio.

DUNTON D. KELLY, Secretary-Treasurer The Galigher Company, Salt Lake City, Utah.

ELMER M. KROENING, General Credit Manager Allen-Bradley Co., Milwaukee, Wis.

*MISS MARIE LOUISE LANOUE, Assistant Credit Manager The Times-Picayune Publishing Co., New Orleans, La.

RUSSELL L. MOORE, Secretary-Treasurer, Credit Manager Mosher Steel Company, Houston, Texas.

JASPER C. OSBORNE, Vice President Trust Company of Georgia, Atlanta, Ga.

*N. J. OTTINGER, District Credit Manager Cook Paint & Varnish Co., St. Louis, Mo.

*EUGENE W. POGUE, General Credit Manager Hyster Company, Portland, Ore.

JAMES W. SATTAZAHN, Credit Manager Scott Paper Co., Philadelphia, Pa.

*STEPHEN F. SAYER, Vice President First Pennsylvania Banking & Trust Co., Philadelphia, Pa.

MISS BLANCHE M. SCANLON, assistant general manager Nash Finch Company, Minneapolis, Minn.

*HERBERT C. SCHICK, Secretary-Treasurer The Torrington Manufacturing Co., Torrington, Conn.

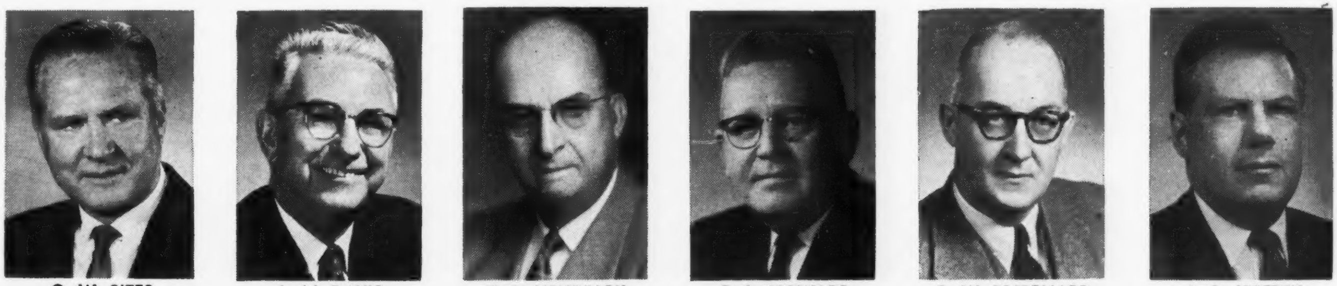
SIDNEY A. STEIN, President Stein Factors Corporation, New York, N. Y.

Alberta Vallette, Philadelphia, Receives Plus One Club Award

Mrs. Alberta B. Vallette, credit manager of Ebeling & Reuss Company, Philadelphia, has been honored with the Annual Plus One Club Award of the Credit Management Association of Delaware Valley.

Mrs. Vallette has served as president of the Philadelphia Credit Women's Club and as a director of the association, and has been active in NACM interests.

N. A. C. M. Officers and Directors Elected at Denver Convention



G. W. SITES
President

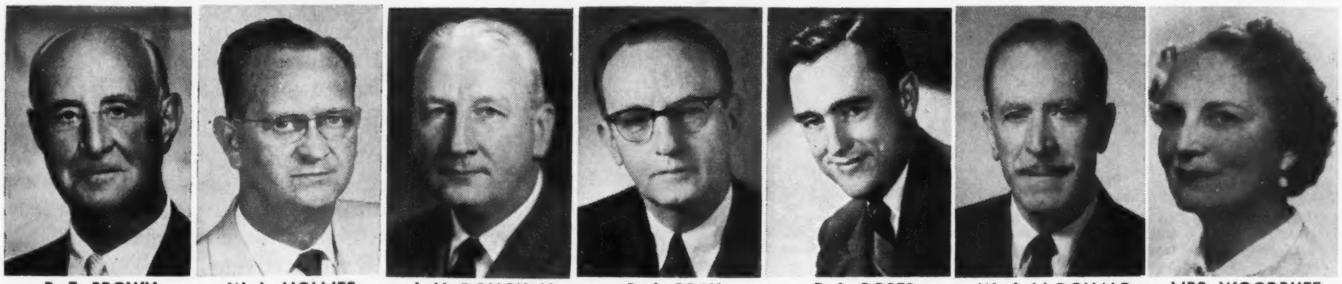
L. M. DAVIS
V.P. Western Div.

T. B. HENDRICK
V.P. Southern Div.

R. L. HOWARD
V.P. Central Div.

C. W. PRITCHARD
V.P. Eastern Div.

A. S. JEFFREY
Executive V.P.



R. E. BROWN
Immediate Past Pres.

W. L. HOLMES
Past Pres.

J. H. DONOVAN
Past Pres.

P. J. GRAY
Vice Pres.*

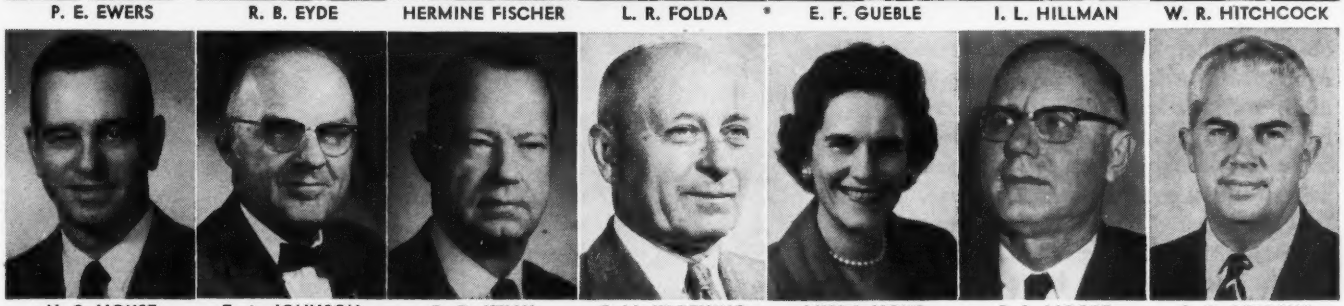
R. L. ROPER
Secretary*

W. J. McDONALD
Treasurer

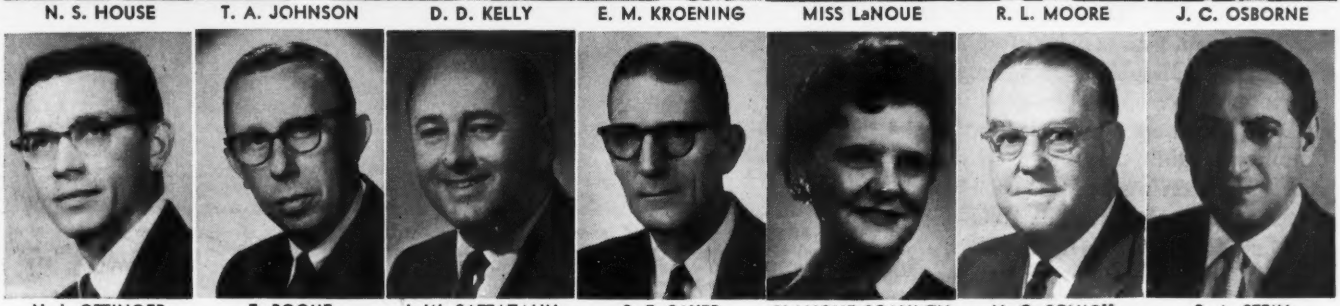
MRS. WOODRUFF
Asst. Treas.

M. H. ANDERSON — J. W. BOWYER — G. T. BRIAN, JR. — J. V. BROSAMER — L. S. CORD — W. M. EDENS

P. E. EWERS — R. B. EYDE — HERMINE FISCHER — L. R. FOLDA — E. F. GUEBLE — I. L. HILLMAN — W. R. HITCHCOCK



N. S. HOUSE — T. A. JOHNSON — D. D. KELLY — E. M. KROENING — MISS LaNOUE — R. L. MOORE — J. C. OSBORNE



N. I. OTTINGER — E. POGUE — J. W. SATTAZAHN — S. F. SAYER — BLANCHE SCANLON — H. C. SCHICK — S. A. STEIN

* Effective August 1, 1961

WINNERS of NACM plaque awards to Credit Women's Groups showing largest association membership gains. First place was earned by the Dallas Credit Women, Miss Ellen Coulam (center), Airsco Rubber Products, Group president. Runnerup was the Oklahoma City unit, Miss Gerry Goodgion (right) American Electric Ignition Co., president. N. S. House (left), NACM membership chairman, officiated.

Credit Women Celebrate 36th Year; Obtain 118 New Members for National

WITH three credit women now on the board of directors of the National Association of Credit Management, with 118 new members for National obtained in the past year by the credit women, whose 58 Groups in the United States and four in Canada now total more than 2,600 members, and with two past chairmen of the National Credit Women's Executive Committee giving noteworthy public relations performances in television interviews, the Credit Congress at Denver was a banner gathering for the Women's Groups, observing their 36 years of progress. All Groups joined in presenting a mink stole to Miss Marie Ferguson, NCWEC secretary-treasurer.

Newly elected to the NACM board were Miss Marie Louise La Noue, New Orleans *Times-Picayune*, and Mrs. Hermine Fischer, of *The Christian Science Monitor*, Boston. Miss Blanche Scanlon, Minneapolis, is serving her third year as director. Miss Scanlon and Mrs. Alta Sethaler were TV interviewees.

A new Group was organized at Columbus, Ohio, in the past year, with 12 charter members. Mrs. Dorothy Niemann of Louisville, NCWEC member, helped form the Group.

NACM's plaque for highest percentage total in new National memberships was won by the Dallas Group and was accepted at plenary session by Miss Ellen Coulam, Airsco Rubber Products, Group president. Oklahoma City was second, and the NACM plaque was received by Miss Gerry Goodgion, American Electric Ignition Company, president of the Group.

An innovation this year was the awarding of a plaque for largest gain in membership of a Group. This honor, from the NCWEC, was won by Houston and was accepted at the business luncheon by Miss Nora M. Contello, of Commercial Steel, Inc., Group president.

The annual NACM scholarship award, with the drawing by President Ralph E. Brown at the luncheon, went to the Grand Rapids Group of Credit Women.

More than 55 women are now serving on the boards of affiliated associations, 34 are chairmen of committees and 184 are members, said Miss Mildred McCall, of Walter H. Johnson Company, Chicago, executive committee chairman.

In the past year, 40 Groups awarded 84 scholarships to their members, and 50 Groups sent 121 delegates to Credit Congress and regional conferences.

Inter-Group meetings increased. The First California Credit Women's Conference, organized by Mrs. Marcelle Kilpatrick Hayes of San Francisco, NCWEC member, was held at Fresno, with 49 attending. The Conference of Midwest Credit Women, in Louisville, had 250 participants. Milwaukee will sponsor this year's

(Concluded on page opposite)

IN THANKS for her years of service in organization of Credit Women's Groups and as secretary to the National Credit Women's Executive Committee, the credit women presented a mink stole to Marie Ferguson. (L to R) Mrs. Eunice Raymond, of Joy & Cox Co., president Denver Credit Women; Alan S. Jeffrey, NACM executive vice president; Miss Blanche M. Scanlon, Nash Finch Co., Minneapolis, NACM director; Miss Ferguson; NACM President Ralph E. Brown, and Miss Mildred McCall, Walter H. Johnson Candy Co., Chicago, NCWEC chairman.

Equip for Top Educational Efficiency, Urges Sites, Accepting Presidency

From Gilbert W. Sites' address in acceptance of the NACM presidency for the coming year.

DURING the past fiscal year of our association, many astounding events at home and abroad have occurred—events that may well have spelled a completely new era for us, economically, scientifically and politically. Because of the influence of those events now shaping into the pattern by which we are to live, we members of this association, during the next twelve months, will in all likelihood face our most complex and trying challenges. Our greatest challenge will present itself in the ability of us Americans, individually and collectively, and our Allies, to cooperate—cooperate and function as an organization trained and schooled to the necessity of self respect, respect of others, and a ready willingness to help rather than hinder.

Kennedy on Communism

Perhaps of greatest significance to our future welfare were President Kennedy's recent remarks with respect to the Cuban and Laotian difficulty . . . to the forces of Communism. I quote: "If the nations of this hemisphere should fail to meet their commitments against outside Communist penetration, then I want it clearly understood that this government will not hesitate in meeting its primary obligations, which are to the security of our nation."

Now certainly there may be those in this audience, and elsewhere, who will consider those remarks of our President too radical a departure from traditional treaties and collective action, too dangerous a doctrine to employ—but for my part, isn't it wonderful to hear this clear and forceful expression of anti-communism from our President.

The year just closed has been an interesting one of steady progress and accomplishment for our association. Your newly appointed executive vice president demonstrated keen insight and ability. Your president, Ralph Brown, in keeping with the traditional pattern of accomplishments laid down by his predecessors, held the course true and firm. But, without the cooperation and assistance of all, their successes and achievements would have at the least been retarded.

In accepting the honor and responsibility of the Presidency, I do so confident in the knowledge those same forces will continue to strive for even greater goals and accomplishments—accomplishments of stature and accomplishments to improve and strengthen industry and our economy as a whole. You have provided me with necessary assistance in your selection of divisional vice presidents. I anticipate working closely with them and shall endeavor to accelerate and extend their activities toward full divisional participation and representation.

It is good to know business is definitely quickening over a broad front. Despite many poor earnings reports for the first quarter, we may now be highly optimistic. Confidence is now soaring that our economy is definitely on the upgrade from what some describe as the shallowest depression in the country's history.

Educational Program

Let us not underestimate our obligation to our country and its economy but direct our every attention possible to furthering our educational program, increasing its scope and coverage. Our Credit Research Foundation, our Credit Interchange, our Legislative and Fraud Prevention services, all are focused in the spotlight of their greatest need. If and where improvements in service or benefits can be made, then we must accept that duty and move toward perfection.

We of our profession cannot accept mediocrity. We must equip ourselves to the highest degree of educational efficiency; we must accept our position in a time of advancement heretofore unknown—competitively and scientifically. Industry today is rightfully accepting erudite personnel for advancement and replacement needs. The firms that do not will not keep pace. If our association is worthy of its name, and worthy of our membership, then it must keep pace with the requisites of industry for educational advancement.

If we are to move forward, if we are to improve and expand our efforts in education, if we are to continue our successful battle against improper or inadequate legislation, if we are to continue our efforts in behalf of sound business operation so necessary to the welfare of our country, we must take a long-range viewpoint and have faith that worthy philosophies are superior to base and selfish motives; that sound policies are superior to expediency, and that cooperation with understanding of our fellowmen is the keystone to lasting success in business as in every other phase of human endeavor.

President Sites Looks Ahead

NEW SECRETARIAL COUNCIL ***rolls up sleeves for actionful year. (L to R) Jack F. Schofield, St. Louis; R. W. Kupfer, Portland; G. E. Lawrence, Dallas; J. L. Vance, El Paso, chairman, and V. A. Biscotti, Springfield.***

CREDIT WOMEN FROM P 36

conference. Mrs. Hayes was moderator of the Forum at Denver.

Miss McCall paid special tribute to the services of the vice chairmen: membership, Miss Marlis Rick, Minneapolis Honeywell Regulator Company; education, Miss Margaret Hail, Chattanooga Medicine Company; publicity, Mrs. Mary McGraw, Binghamton Container Company, and to the 14 committee members.

The resolution read at the presentation of the stole to Miss Ferguson stated in part that "her untiring efforts in the promotion of credit management as a profession for women have been highly instrumental in the personal success of many," and added:

"1961 marks the 20th year in which Credit Women's Groups have depended fully and completely on her practical and workable solutions to their many problems."

Resolutions Adopted at Denver

Report of Resolutions Committee adopted by the 65th Annual Credit Congress at Denver, Colo., at final session May 18, 1961

(1) Whereas, confiscatory tax rates and unrealistic depreciation allowances for plant and equipment have a repressive effect on business and the economy, and result in overstatement of income and overpayment of taxes; and

Whereas, the deficiency of currently allowed depreciation is estimated to exceed five billions of dollars a year; and

Whereas, highly liberalized allowances by leading foreign nations have materially contributed to their superior rates of economic growth and have seriously handicapped our profitable participation in world trade; and

Whereas, adequate allowances would stimulate private investment, maximum employment, and economic expansion, and would provide a larger income for future taxation; be it

Resolved, that members urge the 87th Congress to enact legislation providing adequate depreciation allowances in taxes to insure maximum productivity and competitive strength for American business and industry.

(2) The increase in interstate commerce since the turn of the century has contributed greatly to our rising standard of living and to our general economic growth.

Various decisions by the United States Supreme Court in recent years have upheld the right of states to tax and to enforce collection of taxes in their behalf on out-of-state businesses, even when no regular place of business is maintained by such businesses within the taxing state, and have thereby raised a barrier to the normal flow of interstate commerce.

The multiplicity of regulations on filing dates, forms, records, definition of terms, and other requirements by the various taxing states has erected an intolerable burden of paperwork on businesses whose products or services are sold or offered for sale in states other than the state of residence or incorporation, thereby increasing the costs of doing business and deterring expansion.

Therefore be it resolved, that the 87th Congress be urged to enact pending legislation to provide that no state shall have the power to impose a use tax assessment upon any business or person, not incorporated under the laws of such state nor a resident of such state, with respect to sales in interstate commerce, if the only business activities within such state are the solicitation of orders which are sent outside of the state for approval and subsequently filled by delivery from a point outside such state.

(3) The National Association of Credit Management was organized primarily to advance sound credit practices and procedures and thereby strengthen the economy.

The national debt now exceeds 80 per cent of annual national income and is nearly $1,600 for every man, woman and child, with an estimated cost of $8.7 billions in interest payments alone for the coming fiscal year.

The continued mounting of the national debt and further federal budgetary deficits can only contribute to weakening the credit structure by inflationary pressures which are, in effect, an added tax levy on the savings and earnings of all the people.

Be it resolved, that appeal be made to the 87th Congress and the Administration to apply all means consistent with national security to halt the soaring costs of government, to eliminate all waste and duplication in government services, remove federal subsidies to special interest groups, abstain from deficit financing, and systematically reduce the national debt, to the end that an honest dollar may be restored.

(4) Gross inequities in bankruptcy, to creditors and debtors alike, arise from the unlimited priorities and exceptions from discharge now accorded unsecured federal, state and local tax claims, as against the rightful claims of general creditors.

Such unlimited priorities and exceptions result in credit losses estimated at hundreds of millions of dollars annually, undermine the credit structure of our economy and constitute a continuing impediment to healthful development of our nation's credit resources.

Therefore be it resolved, that the 87th Congress be urged to enact pending legislation to limit the priority and nondischargeability of unsecured tax claims to such federal, state and local taxes as become legally due and owing within three years prior to the filing of a petition in bankruptcy, all prior unsecured tax claims to be accorded equal treatment with the claims of general creditors and to be dischargeable upon the discharge of the bankrupt.

(5) Since last we met, many members of our National Association, among them C. Herbert Bradshaw, our 1954-55 president, have departed for the convocation called by our Creator. May the memories of their services to God and fellowman be a lasting heritage of their dear ones and associates.

(6) For their multifold services to a Credit Congress rich in achievement and enjoyment, we extend our hearty thanks to General Co-chairmen Clark R. Gittings and Raymond C. Erickson; to Vice Chairmen Vincent C. Barnhart, L. Merle Davis, George C. Mueller and George D. Spillane, president, and J. B. McKelvy, secretary-manager, of the Rocky Mountain Association of Credit Men;

Chairman Carpenter Reports

To Chairman Mrs. Alta O. Sethaler and her Credit Women's Committee; to Chairman Mrs. Spillane and the Hostess Committee;

To each member of the many other committees; and

To S. J. Haider for his unflagging effort and hard work as director of the convention.

James W. Carpenter, *Chairman*
Union Bank and Trust Co., Grand Rapids, Mich.
Vice chairmen: Milton Tschache, Columbia Electric and Manufacturing Company, Spokane, Wash., and R. W. Durrett, Sheffield Steel Division of Armco Steel Corporation, Kansas City, Mo. *Members:* Central Division, Frank A. Zak, Danly Machine Specialties, Incorporated, Chicago; Eastern Division, William R. Dunn, General Foods Corp., White Plains, N.Y.; Southern Division, R. W. Buchheit, Sherwin-Williams Co., Dallas; Western Division, Raymond C. Erickson, United States National Bank, Denver. *Secretary:* E. A. Rovelstad, NACM, New York.

Regarding the Uniform Commercial Code, the National Board of Directors approved the following decision by the National Legislative Committee, at Denver:

"In recognition of the growing impact of the Uniform Commercial Code upon credit procedures throughout the United States, the National Association of Credit Management shall immediately utilize all resources and talent available to it through its National Legislative Committee, and its network of local affiliated credit Associations, their legislative committees and their legal counsel, for a joint endeavor to formulate a series of recommendations to be prepared for submission to the National Conference of Commissioners on Uniform State Laws and the American Law Institute, as amendments to the Code which would be acceptable to members of this Association throughout the country for support to their respective state legislatures, both where the Code has already been enacted and where it is, or may in the future be, pending for consideration.

NEW OFFICERS and past Grand Exalted Superzebs of Royal Order of Zebras. Seated (l to r): William A. Ware, Los Angeles, 1960-61 GES, and Joseph V. Vallero, East St. Louis, Ill., his successor. Standing: Lester Scott, Memphis; Joseph Sansoni, New Orleans; John Hillebrand, South Central Ranger; G. Rowland Wilson, Atlantic Ranger, Pittsburgh; Jack Schofield, Zebratary, St. Louis; John dePass, Johnstown, Pa.; Del Aurand, Zebratary, Dayton; Fred Lettice, Western Ranger, Oakland; R. H. Holdredge, Pacific Ranger, Los Angeles. Not in the picture: Ken P. White, of Oakland, who was elected vice GES.

Zebra Herds Corral 300 Members For National; Vallero Is New Leader

FOURTEEN HERDS of the Royal Order of Zebras corralled more than 300 new members in the past year for affiliates of the National Association of Credit Management, a roundup showed at the annual business meeting at the Credit Congress in Denver.

Under the leadership of Grand Exalted Superzeb William A. Ware, of Van Waters & Rogers, Inc., Los Angeles, interest in installing new Herds was built up in five cities—Birmingham, Billings, Cincinnati, Denver and Spokane.

Too, reactivation of Herds is under consideration within the membership of the Seattle Association of Credit Men and The Cleveland Association of Credit Management.

Coupled with the Zebras' main objective of obtaining new association members has been activity in promotion of education and in performance of special services for the affiliates.

Carrying on as Grand Exalted Superzeb for 1961-62 is Joseph V. Vallero, of National Auto Supply Company, East St. Louis, Ill.

The Vice GES is Ken P. White, of Blake, Moffitt & Towne, Inc., Oakland, Calif.

That the National Corral and the local Herds had put in a busy year of getting things done was attested by the Awards won.

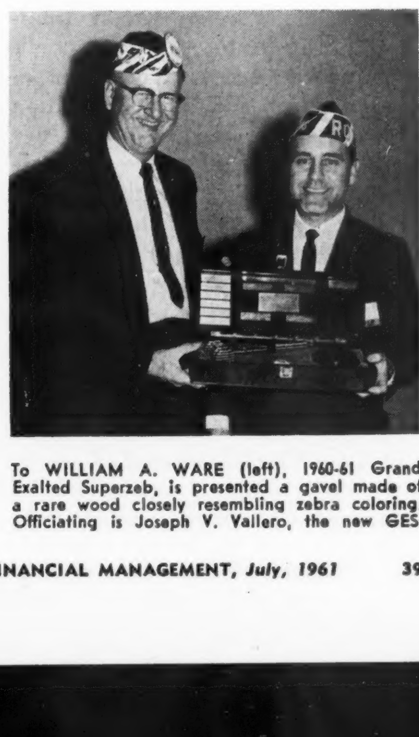
Top honors from NACM went to Sydney L. Hammer, vice president of Manufacturers Trust Company and member of the New York Credit & Financial Management Association, for an outstanding record of obtaining the most new members in the year. GES Ware presented the silver tray to him at a plenary session.

The Zebras' own Zebra of the Year plaque was won by James A. Davidson of Dravo Corporation, Pittsburgh, and was received for him by T. Rowland Wilson of Jones & Laughlin Steel Corp., Pittsburgh, new Atlantic Ranger. (Pictures in Pictorial Section).

The Zebras, in appreciation, presented GES Ware a camera and projector and a gavel from a rare wood resembling in color the organization's namesake.

CAMERA is presented to William A. Ware (right), Zebras' Grand Exalted Superzeb, for a year of outstanding service to the Royal Order of Zebras. John de Pass, immediate past GES, does the honors.

BEFORE THE GAVEL PASSES. Joseph V. Vallero (left), National Auto Supply Co., East St. Louis, Ill., newly elected Grand Exalted Superzeb of the Royal Order of Zebras, and William A. Ware, immediate past GES under whose leadership more than 300 new members were added to National's affiliated associations in the past year.



To WILLIAM A. WARE (left), 1960-61 Grand Exalted Superzeb, is presented a gavel made of a rare wood closely resembling zebra coloring. Officiating is Joseph V. Vallero, the new GES.

Award to FCIB Director Gray Cites Contributions to International Trade

PRESENTING ***the Annual Award of the World Trade Club of New York, Inc., to Philip J. Gray (right), director of the Foreign Department of the National Association of Credit Management, is Michael Fiorentino, club president.***

THE Fourth Annual Award of the World Trade Club of New York, Inc., for significant contribution to the field of international commerce, was presented to Philip J. Gray, director of the Foreign Credit Interchange Bureau, Inc., of the National Association of Credit Management, at the World Trade Week Luncheon.

Michael Fiorentino, president of the World Trade Club, made the presentation at the luncheon, at which Secretary of Commerce Luther H. Hodges was guest speaker.

In accepting the award Mr. Gray said in part: "I pledge the continued efforts of my colleagues and the members of the Foreign Credit Interchange Bureau to serve the credit and financial needs of our international traders, and, in collaboration with the World Trade Club of New York and all the other fine organizations participating in this World Trade Luncheon, to do our best to expand our international trade, and to improve our business relations in all the markets of the world."

Presiding at the luncheon was Donald V. Lowe, chairman New York World Trade Week Committee, Inc. Welcomes were extended by Mayor Leo P. Carlin of Newark, N. J., Richard C. Patterson, Jr., commissioner of commerce and public events, New York City, and Vincent A. G. O'Connor, commissioner of marine and aviation, New York.

Mr. Gray, secretary of NACM, becomes staff vice president August 1st. (Article on page 27.)

Correction

Philip L. Glass, vice president of Sterling National Bank and Trust Company of New York, and Joseph A. Horwath, assistant secretary of Stern & Stern Textiles, Inc., are among the new directors of the New York Credit & Financial Management Association. A printer's error in the June issue omitted Mr. Horwath's name and incorrectly stated Mr. Glass' company connection.

Personnel Mart

CREDIT EXECUTIVE

EXPERIENCED in establishing and maintaining complete credit department, in judging business risks, domestic and foreign, including use of credit documents for latter. Collections, liaison with other departments, consultation. Familiar with cross section of industry on retail, wholesale, manufacturing levels. Age 36. Hold Associate Award NACM. Write CFM Box #543.

FRAUD PREVENTION

(*Concluded from page 17*)

his co-conspirators, for a weekly wage of $125, plus bonuses. Jones had no criminal record.

The tactics:

Jones would place initial orders small enough to be checked by many suppliers only on verification from the bank. Jones would pay promptly. But another credit order for a much larger amount would be enclosed with the check. (Had a commercial agency report been drawn, it would have shown that Jones' business antecedents could not be verified.) Another typical mode of operation by Jones: a first order for $500 would be placed, discounted in eight days. Reorder for $1,000 would be discounted in eight days. Reorder for $2,000 was followed by a 'skip.'

As fast as merchandise came into the store leased by Jones, it was loaded on a rented truck and delivered to Nino's store, where it was sold. Merchandise also was taken to another location where it was auctioned off by Olney and Bosky. Toys, candy, electrical appliances, whisky, jewelry, cutlery sets and many other small items were ordered. Labels and other identification marks were removed from the articles.

December 20, 1957 Jones was ordered by his "masters" to close the store, go to Las Vegas and lose $1,300 gambling. On his return he was to file a voluntary petition in bankruptcy.

From October 19 to December 21, 1957, a period of 63 days, Bosky, Nino, et al, had defrauded suppliers of $97,870.26 through the purchase of various items of merchandise.

On December 31, 1957, the NACM Fraud Prevention Department was called into the case, to track down the as-yet unknown crooks, to collect evidence and to protect other creditors from being swindled. On February 24, 1958, within two months after discovery of the fraud, indictments were obtained. Julio Nino and Herschel Bosky were later sentenced to a year and a day in federal prison, for conspiracy to use the mails in a scheme to defraud. Jones, who had cooperated with officials, was given a suspended sentence of a year and a day, and placed on probation for two years.

AT DENVER INTERNATIONAL TRADE FORUM. (L to R) Ranulfo R. Tulio, First Acceptance and Investment Corp., Manila, president-director Association of Credit Men (P. I.), Inc.; J. S. Gillies, mgr. NACM Foreign Credit Interchange Bureau; Eric T. C. Burke, general manager Canadian Credit Men's Trust Assn., Ltd., Toronto; Yvan Beausejour, United Auto Parts, Ltd., Montreal, CCMTA president; O. A. Jackson, vice pres. Continental Illinois National Bank & Trust Co., Chicago, luncheon speaker; S. F. Majestic, asst. vice pres. Chemical Bank New York Trust Co., luncheon chm.; C. R. Rohrberg, vice pres. Morgan Guaranty Trust Company of New York, round table conference chairman; R. L. Watson, general agent, The Colorado and Southern Railway Co., Denver; C. E. Brokaw, mgr. Denver Field Office, Department of Commerce; Jack Duffy, foreign business specialist, Department of Commerce; and Philip J. Gray, director of NACM foreign department and NACM secretary, vice president-elect as of August 1.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

STANFORD, CALIFORNIA
June 25-July 8
NACM Graduate School of Credit and Financial Management at Stanford University

HANOVER, NEW HAMPSHIRE
August 6-19
NACM Graduate School of Credit and Financial Management at Dartmouth College

VICTORIA, B. C.
September 10-13
Western Division Secretary-Managers Conference

NEW YORK, NEW YORK
September 14-15
NACM Credit Management Workshop

CHICAGO, ILLINOIS
September 21-22
NACM Midwest Credit Conference, including Great Lakes and Ohio Valley District Credit Conferences and St. Louis Association of Credit Management.

MINNEAPOLIS, MINNESOTA
September 28-29
North Central Credit Conference including Minnesota, North Dakota, Manitoba.

SAN FRANCISCO, CALIFORNIA
October 12-13
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

HOUSTON, TEXAS
October 15-18
37th Annual Conference of American Petroleum Credit Association

SIOUX CITY, IOWA
October 18-20
Quad-State Credit Conference, representing Iowa, Missouri, Nebraska and South Dakota

JACKSONVILLE, FLORIDA
October 18-20
Annual Southeastern Credit Conference, covering Florida, Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee

ATLANTIC CITY, NEW JERSEY
October 26-28
NACM Eastern Division Credit Conference

FORT WORTH, TEXAS
October 26-28
Annual Southwest Credit Conference.

PHILADELPHIA, PENNSYLVANIA
May 13-17, 1962
66th Annual Credit Congress

George N. Christie Named Assistant Director of Education for National

George N. Christie, named assistant director of education, National Association of Credit Management, is currently concentrating on administration and promotion of the program of the National Institute of Credit and revision of the correspondence courses offered by the Institute.

G. N. CHRISTIE

Mr. Christie, 1948 graduate in business from the University of Miami, in 1956 received the master's degree in management, banking and finance from New York University's graduate school of business administration. He is now preparing his dissertation for the doctorate degree.

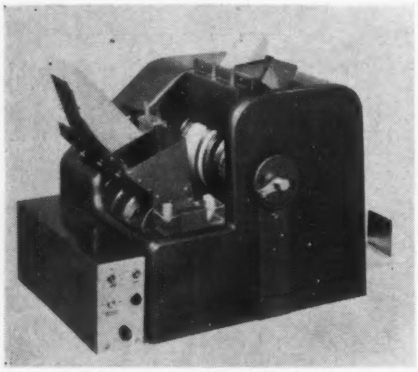
Following periods as a Dun & Bradstreet credit reporter, key account analyst, building trades consultant, supervisor and staff business writer, Mr. Christie last year developed a correspondence course on small business, and was assigned to the business education division. He helped revise the Reinhart & Shultz case book, "Problems in Credit and Collection", for release later this year.

Mr. Christie also has taught a course in Advanced Credit Problems and Financial Analysis at the New York Institute of Credit.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

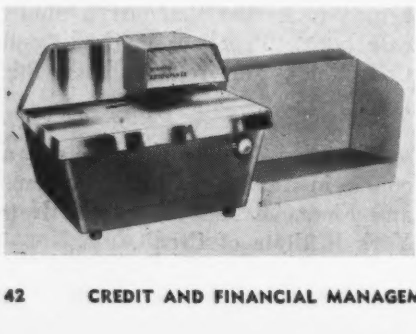
Simplifies Addressing



799 DASHEW transfer process Addressing Machine imprints directly from 3x5" master file cards onto mail pieces, statements, envelopes. Available in manual or electric models, device of Dashew Business Machines uses new coated medium that is said to give smearless black imprint. Dashamasters will also imprint in purple and blue. Machine can be integrated into tab card systems. By using needlesort or tab cards as master file cards, it is possible to make selective mailings. Dashamaster returns automatically to its original order after imprinting.

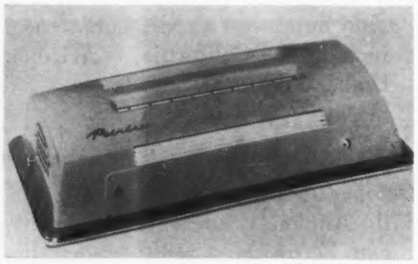
Compact Letter-Opener

800 Automatic electric PREMIER AUTO-OPENER reduces daily letter-opening tasks to simple, fast operation. Smartly styled unit is said to handle 300 to 400 envelopes a minute. Fully enclosed cutting heads assure safety, notes distributor Mimeograph Sales & Service Company, operation is quiet and there are no gears to wear out. Compact device occupies 9"x12", comes in gray wrinkle and polished chrome finish.



One-Setting Photocopier

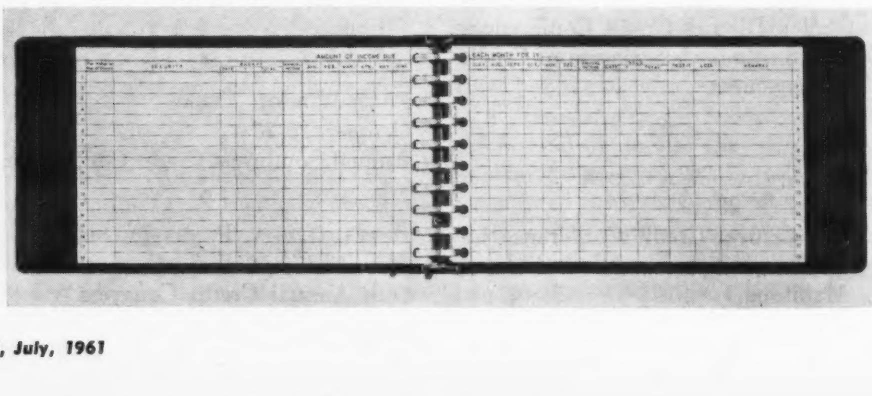
801 Built-in exposure unit of ADM PRINTESS Photocopier enables faster, more efficient copying of documents up to 14" wide with only one setting, notes maker American Dictating Machine Co. Copying-cylinder is made from opal, dyed-in-grain plexiglass. Light source comes from a new-type rotating, reflecting tubular lamp that is resiliently suspended. Light intensity is said to speed entire copying process. "Printess" photocopier is available in 9" and 14" widths.



This department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 44 East 23rd St., New York 10, N.Y.

Investment Record

803 Ready reference to activity of stocks owned is made possible with INVESTMENT REGISTER of Recordplate Company. Forms are laid out so that par value or number of shares, name of security, date, price, income, other data may be listed. New pages can be easily added in proper sequence. Sheet size is 5x8½" with black Mult-O-Ring binder imprinted with investment register in gold; also available in economic paper-covered stapled version. Investment Register is particularly useful for income tax purposes.



Bantam Calculator

802 For accountants, appraisers, others who require on-the-spot computations, Type 2 CURTA CALCULATOR, which is held and operated in one hand, offers accuracy, speed and versatility, notes maker The Curta Company. No external power supply is needed. Device has capacity of 11 digits on keyboard, 8 digits on indicator dial and 15 digits in answer dial. Maker stresses shortcut techniques possible in multiple operations involving cubes, roots, percentiles and trigonometric functions.